

star BUSINESS

Bad loans at non-banks hit 37%

STAR BUSINESS REPORT

Defaulted loans at the country's non-bank financial institutions (NBFIs) have surged to a record 37 percent, highlighting the sector's fragile condition.

As of September last year, 35 NBFIs held Tk 29,408.66 crore in bad loans, equivalent to 37.11 percent of their total disbursed loans of Tk 79,251.11 crore, according to Bangladesh Bank (BB) data.

A year earlier, in September 2024, the sector's non-performing loan ratio stood at 35.52 percent.

Industry insiders attribute the rise in bad loans to "the legacy of the massive irregularities and scams that took place seven to eight years ago".

Referring to a Bangladesh Bank probe, they said that PK Halder, the former managing director of NRB Global Bank (later renamed Global Islami Bank), defrauded at least Tk 3,500 crore from four NBFIs.

The affected institutions are People's Leasing, International Leasing, FAS Finance, and Bangladesh Industrial Finance Company Limited (BIFC). As a result, these four non-banks became ailing, with over 90 percent of their loans turning bad.

Industry insiders said the central bank's inadequate supervision is to blame for the current state of the NIFI sector. Many non-banks are now unable to repay depositors because of widespread irregularities and scams.

Amid this situation, the central bank is planning to liquidate nine ailing companies.

These are FAS Finance, Bangladesh Industrial Finance Company, Premier Leasing, Fareast Finance, GSP Finance, Prime Finance, Aviva Finance, People's Leasing, and International Leasing.

The government has pledged Tk 5,000 crore to repay depositors of these NBFIs.

SOURED LOANS OF NBFIS



SEPT, 2025

| | |
|------------------------------------|-------------|
| Total outstanding loans: | Tk 79,251cr |
| Total non-performing loans (NPLs): | Tk 29,408cr |
| Ratio of NPLs: | 37.11% |

SOURCE: BB

A senior central bank official said administrators are expected to be appointed to these NBFIs soon.

Industry sources said some banks and NBFIs have fallen victim to an "unholy nexus," which they described as a serious threat to the integrity of the overall financial system.

Additionally, several other NBFIs have been infiltrated by unscrupulous investors who exploited their positions as chairpersons and directors for personal gain, they added.

BB sticks to no profit at five shariah banks amid depositor unrest

MD MEHEDI HASAN

The Bangladesh Bank (BB) will not change its decision about paying no profits on deposits for 2024 and 2025 at five shariah-based banks now undergoing a merger, even as depositors staged protests at a number of branches.

The central bank confirmed this yesterday as the move aligns with shariah principles, under which no profit is distributed when banks incur losses, said BB officials.

Last week, BB instructed five merging lenders to recalculate their deposit balances and refrain from providing any profit for 2024 and 2025.

The banks -- First Security Islami, Social Islami, Union, Global Islami, and EXIM -- are being merged to form a new state-run institution, Sammilito Islami Bank PLC.

After the decision, depositors of the five banks expressed anger, disrupting normal operations at some branches of the commercial lenders.

The banks reported the unrest to BB and requested a reconsideration. Meanwhile, officials from the bank resolution department of BB met with the governor yesterday.

According to an official from the department who wished to remain anonymous, the governor said the decision would not be reversed as it conforms with shariah law.

He added that backing away could jeopardise the merger initiative.

Aref Hossain Khan, executive director and spokesperson for the BB, said the central bank remains firm on its stance.

On January 14, the banking regulator sent letters to the five troubled banks, stating that deposit balances would be recalculated based



HIGHLIGHTS

- BB: no profit payouts due to losses
- Liabilities drop by Tk 10,000cr if profits withheld
- Protests disrupt bank operations
- Default loans at 79% of total lending
- Deposits at five merging banks: Tk 140,000cr

MERGING BANKS

First Security Islami
Union Global Islami EXIM

on positions as of December 28, 2025 and that no profit would be applied to deposits from January 1, 2024, to December 28, 2025.

Previously, it was decided that profits on deposits would be paid at the bank rate, which currently stands at 4 percent.

A day after the directive, BB Governor Ahsan H Mansur, at a press briefing, said that the move follows shariah principles.

"However, depositors will receive their full principal amount," he said.

BB officials estimated that if implemented, the decision would reduce the banks' liabilities by Tk 10,000 crore.

At the end of September last year, total

deposits of these banks stood at Tk 141,000 crore, while the number of depositors was 75 lakh.

Officials of the merging banks said many depositors have been visiting branches and issuing threats. Some have remained at branches all day, causing operations to grind to a halt, according to letters sent to authorities.

Branch managers reported that customers have taken an "aggressive stance" and, in some locations, "transactions have been suspended".

A senior official of Social Islami Bank told The Daily Star that if the decision is implemented, it will be "very difficult to handle customers".

Sammilito Bank's top posts via competition, transfer, selection Govt outlines appointment process for MD, DMD and GM

STAR BUSINESS REPORT

The general manager, the third-highest post at the Sammilito Bank PLC, can be appointed through open competition, transfer of GMs from state banks, or specially selecting officials from the five banks being merged to form the new bank, the government has decided.

Meanwhile, appointments to the managing director (MD) and deputy managing director (DMD) posts will be done through an open competitive process, according to a policy issued by the Financial Institutions Division (FID) yesterday.

The policy states that until the service regulations for the Sammilito Bank are formulated, appointments to these three positions will be made under this policy.

However, the process of appointing the MD had already begun through a newspaper advertisement before the new policy was issued.

According to sources familiar with the matter, 10 candidates have been shortlisted based on the prescribed qualifications.

From these 10, a subcommittee led by the Bangladesh Bank (BB) Governor Ahsan H Mansur will finalise one candidate for appointment.

For the positions of MD and DMD, recruitment will be conducted through open competition based on required educational qualifications and other experiences.

For the GM position, in addition to open competition, two separate arrangements will apply. One arrangement is that existing GMs working in state-owned, specialised, and financial institutions may be transferred to the newly formed bank with the approval of the finance adviser/minister.

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**Farm success
comes at
a heavy
cost: Anu
Muhammad**

STAR BUSINESS REPORT

Bangladesh's booming farm production is coming at a hidden cost of health risks, environmental damage, and long-term threats to future generations, warns eminent economist Prof Anu Muhammad.

The country's farm sector now projects "an aura of development"—record harvests, expanding markets, and visible state support—while masking the long-term costs borne by farmers, consumers, and future generations, he said.

"If this path continues, we will become unhealthy, and the next generation will be unhealthy as well," he said.

Prof Muhammad made the remarks yesterday at a press briefing on safe agriculture and food systems at the National Press Club in Dhaka.

He described rural Bangladesh as a landscape of intense and often unplanned activity, where crop fields, fish enclosures, and brick kilns exist side by side.

Local markets, he said, are flooded with fertilisers, pesticides, and machinery, many of which are subsidised by the state and promoted as essential tools of modern agriculture.

"These inputs are receiving government sympathy and support, but ordinary people and even farmers do not know how the policies behind them are formulated," Muhammad said.

"Most of these policies are written in English, not Bangla, and international development partners such as the World Bank, IMF, UNDP, and USAID play a major role behind them," he added.

READ MORE ON B3

READ MORE ON B3

UCB hosts 'Cashless Bangladesh Initiative' programme in Kushtia

STAR BUSINESS DESK

United Commercial Bank PLC (UCB) yesterday organised a daylong programme, titled "Cashless Bangladesh Initiative", in Kushtia under an initiative of Bangladesh Bank to promote a cashless financial system.

Md Amzad Hossain Khan, executive director of Bangladesh Bank's Rajshahi office, inaugurated the programme as the chief guest at the Kushtia Shilpkala Academy, according to a press release.

In his speech, Khan said the government spends a significant amount every year on printing, transporting and securing cash. Expanding digital transactions, particularly the use of Bangla QR, would substantially reduce these costs while enhancing financial security for the public, he added.

As a special guest, Arief Hossain Khan, executive director and spokesperson of the central bank, said implementing the Cashless Bangladesh initiative would ensure greater transparency, efficiency and security in financial transactions.

He added that expanding digital

payment systems would also help bring rural and marginalised communities under enhanced financial inclusion.

Mohammad Mamdudur Rashid, managing director and CEO of UCB, said expanding digital transactions would make the country's economy more transparent, dynamic and secure.

"UCB is working on digital platforms to provide customers with easy, fast and modern banking services," he said.

"We believe that building a cashless Bangladesh will reduce corruption, increase revenue and further strengthen the rural economy. UCB is proud to be part of this transformation," he added.

ANM Moinul Kabir, director of the Payment Systems Department-1 at Bangladesh Bank, presided over the event.

Md Mizanur Rahman, additional deputy commissioner (education and ICT, and development and human resource management) of the Kushtia district administration, along with senior officials of UCB and other banks and participants from various professions, were also present.



PHOTO: UNITED COMMERCIAL BANK
Md Amzad Hossain Khan, executive director (grade-1) of Bangladesh Bank's Rajshahi office, inaugurates the daylong programme, titled "Cashless Bangladesh Initiative", organised by United Commercial Bank PLC, in Kushtia yesterday.



Iqbal Ahmed, chairman of NRB Bank PLC, poses for a group photograph with participants of the bank's "Annual Business Conference-2026" at the Gulshan Club Limited in Dhaka on Saturday.

PHOTO: NRB BANK

Pubali Bank organises annual business conference

STAR BUSINESS DESK

Pubali Bank PLC yesterday held its "Annual Business Conference 2026" at the bank's head office in Motijheel, Dhaka.

Mohammad Ali, managing director and chief executive officer of Pubali Bank PLC, inaugurated the conference as the chief guest, according to a press release.

Ali highlighted business acquisition and analysis at the conference and outlined the steps that need to be taken

to achieve the bank's goals.

Mohammad Esha, Mohammad Shahadat Hossain, Ahmed Enayet Manzur, Md Shahnewaz Khan and Mohammad Anisuzzaman, deputy managing directors of the bank, attended the event as special guests.

The conference framed necessary strategies and plans to achieve the bank's targets for 2026.

Md Rabiu Alam, deputy general manager and head of the ADC Division, presided over the conference.



Mohammad Ali, managing director and chief executive officer of Pubali Bank PLC, inaugurates the bank's "Annual Business Conference 2026" at its head office in Motijheel, Dhaka yesterday.

PHOTO: PUBALI BANK

American CEOs

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In August, Neil Bradley, the Chamber's chief policy officer, told Reuters the group aimed to respond to Trump in a nonpartisan way, to preserve support for free markets.

Trump's approval rating on the economy currently stands at a lackluster 36 percent, below his overall 41 percent rating even as he portrays his economic policies as succeeding by conventional measures.

"Under our administration, growth is exploding, productivity is soaring, investment is booming, incomes are rising, inflation is defeated, America is respected again like never before," Trump said in Detroit on Tuesday.

A few prominent CEOs have openly questioned some of his actions.

On January 9, Exxon's Woods told Trump that Venezuela is "uninvestable," undercutting White House messaging about the industry's future in the country. Woods added he was confident in Trump's plans and that the company could soon dispatch a technical team to assess conditions there. Even so, two days later, Trump said he might keep Exxon out of future deals in the country.

"I didn't like their response. They're playing too cute," Trump told reporters.

An Exxon representative declined to comment for this story.

On January 13, JPMorgan's Dimon said he supported the independence of Federal Reserve Chair Jerome Powell, days after the administration opened a criminal investigation into Powell's conduct. Dimon added that Trump's meddling in the Fed could spike inflation. "I don't care what he says," Trump told Reuters about Dimon's comments.

A JPMorgan representative declined to comment for this article.

A day earlier, Albert Bourla, CEO of Pfizer, said he was annoyed by Health Secretary Robert F Kennedy Jr's move to roll back vaccine recommendations for children. "I'm

seriously frustrated, because what is happening has zero scientific merit," he told journalists in San Francisco.

Pfizer representatives did not respond to questions.

LOBBYING IS DIFFERENT NOW

The Conference Board this week released a survey showing that for US CEOs, the biggest risk factor in 2026 is uncertainty. Dana Peterson, chief economist at the Conference Board, said the survey did not specifically ask about Trump, but that "the executives I've spoken with understand that lobbying is different now."

Gary Clyde Hufbauer, senior fellow of the Peterson Institute for International Economics, said CEOs may be calibrating their comments to avoid blowback and to position their companies to benefit from Trump's policies or interests.

But unless companies push back, this could open the door to heavier regulation after Trump leaves office, Hufbauer said.

"My guess is they (CEOs) think the actions are a passing fad," Hufbauer said. "Since state capitalism is catnip both to progressive Democrats and to some MAGA Republicans, executives and investors could be asleep at the switch," he said.

AI bull case

FROM PAGE B4

already includes what TSMC has pledged. Though details were lacking, such as timeframes and which other firms will participate, Wei separately revealed that his company bought a second "large" piece of land in the US to support current expansion plans and "provide more flexibility" for future demand.

Against the backdrop of rising AI bubble fears, TSMC offers a powerful endorsement. At the same time, though, that one of the industry's most cautious spenders is splurging also suggests that any downturn will be painful and far-reaching.

IFIC Bank hands over Tk 8cr startup fund cheque to BB

STAR BUSINESS DESK

IFIC Bank PLC has handed over a cheque of more than Tk 8 crore to Bangladesh Bank (BB) as part of initiatives undertaken in line with the central bank's directives on the formation and operations of Bangladesh Startup Investment Company PLC.

Md Rafiqul Islam, deputy managing director and chief of branch business at IFIC Bank PLC, presented the cheque to Nawshad Mustafa, director of the SME and Special Programmes Department of Bangladesh Bank, at the BB's headquarters in Motijheel, Dhaka recently, according to a press release.

Through the initiative, IFIC Bank reaffirmed its commitment to Bangladesh Bank's policy directives and its active role in strengthening the country's startup ecosystem.

The bank said it remains focused on promoting innovation, entrepreneurship and sustainable economic growth in Bangladesh.

Helal Ahmed, head of operations at IFIC Bank PLC, was also present at the event.



Md Rafiqul Islam, deputy managing director and chief of branch business at IFIC Bank PLC, and Nawshad Mustafa, director of the SME and Special Programmes Department of the Bangladesh Bank, pose for a photograph during the handover of a cheque at the BB headquarters in Dhaka recently.

PHOTO: IFIC BANK

Shahjalal Islami Bank holds annual business conference

STAR BUSINESS DESK

Shahjalal Islami Bank PLC organised its "Annual Business Conference 2026" at a resort in Gazipur on Saturday.

Mohammed Younus, vice-chairman of Shahjalal Islami Bank PLC, inaugurated the conference as the chief guest, according to a press release.

The meeting evaluated the bank's performance over the past year and adopted necessary strategies and action plans to achieve targets for the rest of the year. Mosleh Uddin Ahmed, managing director of the bank, presided over the conference.

The bank awarded managers from different branches and executives from the corporate head office in various

categories for their outstanding performance.

Md Abul Bashar, senior executive vice-president and company secretary, and Rumana Kutubuddin, senior executive vice-president and head of the investment monitoring division, moderated the programme.

Imtiaz U Ahmed, additional managing director of the bank; Rashed Sarwar, MM Saiful Islam and Md Jafar Sadeq, deputy managing directors, attended the event.

Among others, Md Sanaullah Shahid, Akkas Uddin Mollah, Khandaker Shakib Ahmed and Fakir Akhteruzzaman, directors of the bank, and Abdullah Masum, a member of the Shariah Supervisory Committee, were also present.



Mohammed Younus, vice-chairman of Shahjalal Islami Bank PLC, attends the bank's "Annual Business Conference 2026" at a resort in Gazipur on Saturday.

EU warns against Trump's tariff threat over Greenland

AFP, Brussels

European Union leaders on Saturday warned against US President Donald Trump's threat to impose tariffs on European countries until he has achieved his purchase of Greenland.

Cyprus, which holds the rotating presidency of the European Council, announced an extraordinary meeting of EU ambassadors in Brussels for Sunday afternoon.

And one senior German MEP said Trump's latest threat raised a question mark over the EU-US trade deal agreed last year.

EU Commission chief Ursula von der Leyen and Antonio Costa, president of the European Council, issued the joint statement hours after Trump threatened multiple European nations with tariffs of up to 25 percent.

"Tariffs would undermine transatlantic relations and risk a dangerous downward spiral," they wrote in a post on social media.

"Europe will remain united, coordinated, and committed to upholding its sovereignty," they added.

The statement came days after Danish and Greenlandic officials held talks in Washington over Trump's bid to acquire the territory, without reaching agreement.

Trump said that from February 1, Denmark, Norway, Sweden, France, Germany, the United Kingdom, the Netherlands, and Finland would be subject to a 10-percent tariff on all goods sent to the United States

"The EU stands in full solidarity with Denmark and the people of Greenland," said the EU statement.

"Dialogue remains essential, and we are committed to building on the process begun already last week between the Kingdom of Denmark and the US."

Trump said that from February 1, Denmark, Norway, Sweden, France, Germany, the United Kingdom, the Netherlands, and Finland would be subject to a 10 percent tariff on all goods sent to the United States.

German MEP Manfred Weber, head of the largest group in the European Parliament, the conservative EPP, said Trump's latest remarks called into question the EU-US trade deal negotiated last year.

"The EPP is in favour of the EU-US trade deal, but given Donald Trump's threats regarding Greenland, approval is not possible at this stage," he posted on X.

"The zero percent tariffs on US products must be put on hold," he added.

Brussels and Washington clinched a deal in July for most EU exports to face a 15 percent US levy, but both sides are still pushing for additional trade concessions.

Import-stage income tax credits to be auto-reflected in e-returns

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has introduced an automated system that allows advance income tax (AIT) paid at the import stage to be directly credited to taxpayers' electronic returns.

This will ease a long-standing problem faced by importers and businesses, an NBR statement said yesterday.

The system has been launched following the integration of ASYCUDA (Automated System for Customs Data) World software with the NBR's e-return platform, enabling real-time data sharing between customs and income tax systems. According to the NBR, AIT paid against imports will automatically appear as a credit in the taxpayer's e-return from now on.

NBR said the move would significantly reduce delays, manual verification, and disputes over tax credits that importers have faced for years.

Under the new mechanism, when an importing taxpayer enters business income details in the e-return, bill-of-entry-wise information on advance income tax paid during the relevant income year will be automatically populated. The credited amount will then be adjusted against the taxpayer's total income tax liability to determine the final payable amount.

The development comes at a time when taxpayers in Bangladesh continue to struggle with a slow and largely manual refund process, despite legal provisions requiring refunds to be issued within specific timeframes.

More than 46 lakh taxpayers have registered on the e-return system so far, while around 33 lakh have already filed their returns.

Normally, many taxpayers for whom online filing is not mandatory have also opted for the digital platform. Expatriates have also been brought under the system, with about 4,000 submitting their returns online.



Fishermen hang freshly caught marine fish to dry in the winter sun along the coast in Lebur Char of Kuakata in Patuakhali recently. Drying fish is often better in winter as the cooler temperatures, lower humidity, and dry winds create ideal conditions for slow, natural dehydration, preventing spoilage and helping achieve the firm texture prized in traditional methods.

PHOTO: TITU DAS

Supreme Court tests limits of Trump's power over the economy

REUTERS, Washington

The US Supreme Court signaled four months into Donald Trump's second presidential term last year its interest in shielding the Federal Reserve from political interference. When the justices on Wednesday consider the legality of his bid to fire Fed Governor Lisa Cook, their willingness to preserve the US central bank's independence will be put to the test.

With control over US monetary policy at stake, the legal battle over Trump's attempt to remove Cook marks the second case involving an action by the Republican president of vast economic significance to reach the Supreme Court during its current term, which began in October.

The court, which has a 6-3 conservative majority, heard arguments in November concerning Trump's sweeping global tariffs, with justices indicating skepticism over the lawfulness of these import taxes on nearly every US trading partner imposed under a law meant for use in national emergencies. Its rulings in the tariffs and Cook cases are expected by the end of June but could come sooner.

The court has been largely deferential to Trump in a series of rulings on an emergency basis since his return to office 12 months ago as he repeatedly tests the limits of presidential

authority. The justices, however, may be less eager to strengthen Trump's hand over the economy.

"I think they worry about the effect that removal of central bank independence could have on the economy," said John Yoo, who served as a Justice Department lawyer under Republican former President George W. Bush.

"It seems a basic principle of macroeconomics, backed up by the experience of other countries, that political control over the money supply, interest rates and central banking will inevitably lead to inflation," said Yoo, now a University of California, Berkeley law professor.

According to legal scholars, the court has not been so directly involved in US economic policy since the justices weighed the constitutionality of Democratic President Franklin Roosevelt's muscular agenda called the New Deal during the 1930s amid the crisis of the Great Depression.

Columbia Law School professor Kathryn Judge said the fights involving Fed independence and Trump's tariffs "will be key in determining the scope of the president's authority to unilaterally determine economic policy."

"This Supreme Court has taken a very expansive approach to executive authority," Judge said, "but it is not unbounded."

Cook, an appointee of Democratic former President Joe Biden and the first Black woman to serve as a Fed governor, sued Trump in August after he sought to fire her, an unprecedented step by a president against a central bank official. Trump claims that Cook committed mortgage fraud before being appointed to the Fed by his Democratic predecessor Joe Biden in 2022, an allegation she denied and described as a pretext to try to remove her for her monetary policy stance.

Similarly, Fed Chair Jerome Powell on Sunday called a criminal investigation of him launched by Trump's Justice Department a pretext to gain more influence over the central bank and monetary policy. The investigation centers on Powell's congressional testimony about a Fed building project.

Critics see the steps by Trump and his administration targeting Cook and Powell as a bid to pressure the Fed to lower interest rates before the November midterm elections in which Democrats are hoping to regain control of Congress from the Republicans. Pocketbook concerns may loom large for voters.

"With each passing day - and with each passing attack by the Trump administration - I suspect that the court increasingly sees the value of an independent Fed," University of Illinois Chicago law professor Steve Schwinn said.

Vietnam breaks ground on first domestic chip manufacturing plant

ANN/VIETNAM NEWS

Vietnam on Friday officially launched construction of its first semiconductor chip manufacturing facility, a landmark step towards building domestic chipmaking capacity, with Party General Secretary Tô Lâm and Prime Minister Phạm Minh Chính attending the groundbreaking ceremony in Hanoi.

The project is undertaken by the military-run Viettel Group under a Government resolution and marks a pivotal moment as Vietnam develops chip fabrication capabilities for the first time. The facility is intended to lay the foundation for mastering core technologies and building a domestic semiconductor ecosystem.

Located in Hoa Lạc High-Tech Park on a 27-hectare site, the plant will function as national infrastructure for semiconductor research, design, testing and production. Once operational, it will supply chips for multiple industries, including aerospace, telecommunications, Internet of Things, automotive, medical equipment and automation.

A complete semiconductor chip requires six main stages: product definition, system design, detailed design, chip fabrication, packaging and testing and integration and verification.

Vietnam has gradually participated in five of these stages. Chip fabrication, the most complex and critical step, has so far remained beyond domestic reach. The new facility is expected to complete the entire production chain.

Chipmaking is among the most sophisticated technological processes. Starting from ultra-pure

silicon wafers, chips are produced through around 1,000 consecutive manufacturing steps over three months. A single deviation at any stage can disrupt the entire production line, demanding exceptional organisational capacity and technological mastery.

Prime Minister Phạm Minh Chính underscored the strategic importance of the facility.

"This is a crucial step toward realising our national semiconductor industry development strategy," he said. "It creates a foundation for Vietnam to integrate deeper into the global value chain through science, technology and innovation."

The plant will help complete the domestic semiconductor ecosystem, enabling chip design companies, tech startups and research institutions to shorten testing cycles and accelerate product development. It will also serve as a training hub for semiconductor talent, supporting Vietnam's goal of training 50,000 chip design engineers by 2030 and building a semiconductor workforce of 100,000 by 2040.

Viettel has laid the groundwork through specialised training, international partnerships and technology transfers, while accumulating experience in chip research, design and application.

Lieutenant General Tô Đức Thắng, Viettel's chairman and CEO, confirmed the timeline, saying the group will complete construction, receive technology transfers and begin trial production by the end of 2027. The 2028-30 period will focus on optimising processes and improving production efficiency to international standards.

Govt moves to curb yarn

FROM PAGE B1

compared to the previous year, while values increased by over 46 percent. In FY25, volumes grew by another 18.4 percent and values by 26.3 percent.

The ministry said at least 50 spinning mills have already shut down and warned of further losses if the current import trend continues.

It also cautioned that growing dependence on imported yarn could reduce the garment sector's competitiveness due to lengthened lead times, reduce local value addition, and put pressure on foreign currency reserves.

Exporters, however, argue that limiting access to competitively priced yarn could weaken Bangladesh's position in global apparel markets, especially as buyers remain highly price-sensitive.

Showkat Aziz Russell, president of BTMA, said the issue must also be seen in the context of Bangladesh's graduation from least developed country (LDC) status.

He said exporters would need to comply with "two stage transformation" rules - using locally spun yarn instead of imported cotton - to qualify for preferential market access in destinations such as the European Union (EU), the United Kingdom and Japan after graduation.

He also noted that securing GSP Plus benefits from the EU would

require at least 40 percent local value addition, compared to current levels of around 35 percent in spinning, knitting at 20 percent and weaving at 25 percent.

The local spinners mainly produce the 30-count yarn to serve the garment exporters.

While local mills can supply about 90 percent of yarn demand for knitwear and 45 percent for woven garments, the rest still depends on imports from countries including India, China and Pakistan.

Spinners said in fiscal year 2025-26, \$2.0 billion worth of yarn was imported from India, with local mills using 1,600 tonnes daily.

Bangladesh is the largest destination for Indian yarn exports, receiving 44 percent of the total, while Cambodia ranks second at 21 percent.

Earlier, in April last year, Bangladesh banned yarn imports from India through land ports, though sea-route imports remained unaffected. Millers have said they do not seek a complete ban, but rather measures to curb what they describe as dumping.

Contacted, Mohammad Nazirul Islam, first secretary of customs (export and bond), said the NBR had received the commerce ministry's letter. "The issue is under consideration. No decision has been made yet."

Sammilito Bank's

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The other arrangement is that qualified and suitable officials of equivalent rank from the merging banks - First Security Islami Bank, Exim Bank, Global Islami Bank, Union Bank, and Social Islami Bank. They may be appointed to the GM positions of the new bank.

The age limits for eligibility are 65 years for MD, 62 years for DMD, and 60 years for GM. The tenure of these positions will be three years on a contractual basis, with the possibility of renewal if necessary.

An eight-member selection committee led by the finance adviser/minister will decide on the appointment of the MD and DMD.

The members will include the principal secretary to the prime minister or chief adviser, the BB governor, the finance secretary, the FID secretary, the public administration secretary, and the chairman of the Shariah Advisory Board of the BB.

Meanwhile, the FID has issued a separate revised policy for appointment and promotion to

Farm success comes at a heavy cost

FROM PAGE B1

Tracing the roots of the current system to the Green Revolution of the 1960s, he said successive governments - regardless of political affiliation - have continued to formulate and implement the same policy framework.

While official figures show that food production has increased more than fourfold, with major gains in fish and vegetable output, the professor said these achievements are celebrated without examining their broader consequences.

"We see headlines about record production and feel impressed. But at the same time, we hear about farmers committing suicide or dying from deadly diseases. These two realities are never brought together," he said.

There is little institutional interest or funding to assess the true cost of production growth. As a result, rising output has coincided with toxic water, depleted groundwater, degraded soil, and food contamination caused by excessive chemical use, according to Muhammad.

Citing research data, he said farmers make up a disproportionately high share of cancer patients,

describing this as a direct outcome of prolonged exposure to pesticides and other agrochemicals.

"Farmers are the primary victims under this development model," he said, adding that the impact will eventually reach non-farmers as well.

He also pointed to emerging health trends that show a rise in non-communicable diseases among people over 40, despite Bangladesh's success in reducing childhood infectious diseases.

"Heart disease, kidney failure, liver disease, and neurological disorders are increasingly linked to environmental factors," he said.

"These illnesses reduce productivity and shorten life expectancy. If life expectancy were calculated accurately, the figures would likely fall," he said, noting that many people now face major health shocks in middle age.

He criticised universities and research institutions for failing to question the dominant development model, saying research has prioritised rapid production over indigenous seed conservation, water conservation, and biodiversity.

With an election approaching, Muhammad said political parties were unlikely to rethink the model on their own, calling instead for a fundamental shift in agricultural thinking driven by public pressure and collective action.

At the event, Pavel Partha, spokesperson of the new platform "Safe Agriculture and Food Movement," placed 20-point demands, including stopping the use of dangerous pesticides, ensuring minimum wages for workers in the sector, and launching a pension for farmers.

"We hope the political parties and candidates who are participating in the upcoming national election will address our demands in their respective manifestos," he said.

Capital market went through major reforms in 2025

Says BSEC chairman at stakeholder meeting

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has carried out major legal reforms in the stock market, said its chairman, Khondoker Rashed Maqsood.

The capital market saw significant changes in 2025 with the completion of the Margin Rules, the Mutual Fund Rules, and the Public Offer of Equity Securities Rules, he said at a stakeholders' meeting organised by the commission yesterday at its office in the capital.

"The heart of the capital market is the initial public offering (IPO), and the pathway for new IPOs to enter the market has been made easier through the public offer-related rules," the BSEC chairman said.

"Now is the time to make proper use of this opportunity, and market stakeholders must work towards this," he added.

Maqsood highlighted the commission's initiatives and activities aimed at reforming and developing the capital market.

The pathway for new IPOs to enter the market has been made easier through the public offer-related rules

"We must work to resolve the identified obstacles or problems and move forward," said Anisuzzaman Chowdhury, special assistant to the chief adviser and chief guest of the event.

He emphasised the need for unanimous decisions based on cooperation and collective opinions, and the importance of ensuring their implementation.

He also directed that the existing identified obstacles be resolved swiftly and called upon market stakeholders to work towards capital market development by setting clear targets under a long-term plan.

Experts at the meeting emphasised adopting a five-year plan for capital market development, introducing new products, listing state-owned enterprises and multinational companies in the capital market, developing the mutual fund sector, and ensuring institutional governance.

Mominul Islam, chairman of the DSE; Saiful Islam, president of the DSE Brokers' Association of Bangladesh; Nuzhat Anwar, managing director of the DSE; and Niranjan Chandra Debnath, managing director of the ICB, were also present at the meeting.

Meanwhile, the DSEX, the benchmark index of the DSE, jumped 76 points, or 1.53 percent, to 5,035 points yesterday. With that, the index crossed 5,000 points after one and a half months.

AI bull case gets its biggest booster

REUTERS, Hong Kong

It is telling that the head of the world's most important chipmaker had to talk to his "customers' customers" to make sure demand for artificial intelligence is, in fact, real. But the \$1.4 trillion Taiwan Semiconductor Manufacturing's chief executive has done just that to justify a huge increase in capital expenditure for the current year. It's just the type of validation AI bulls have been waiting for.

Speaking on the company's earnings call on Thursday, CC Wei concluded that he was "quite satisfied" after his discussions both with buyers of TSMC's cutting-edge silicon like Nvidia and with users of those products – namely cloud service providers including Alphabet's Google, Amazon and Microsoft. It also helps that the company reported record quarterly earnings of T\$505 billion,

That's well above the mean T\$467 billion analyst forecast, per Visible Alpha

or \$16 billion, a 35 percent year-on-year jump, for the three months to the end of December. That's well above the mean T\$467 billion analyst forecast, per Visible Alpha. TSMC also now expects annual top line growth to average 25 percent until 2029, up from a previous guidance of 15 to 20 percent, driven by AI chip demand.

All of that was enough to convince the company, famed for its financial discipline, to loosen its purse strings. TSMC on Thursday flagged an up to 37 percent jump in its capex spending this year, to an astonishing \$56 billion. That's partly due to the rising cost of manufacturing more complex processors. But most of that will fund a massive capacity expansion in both Taiwan and the United States, where TSMC has committed to invest \$165 billion in new facilities. Analysts at Fubon Research estimate output of its most advanced 2 nanometre chip will expand fivefold between 2025 and 2027.

Moreover, Friday's trade deal between Washington and Taipei hints that more is on the way. As part of the agreement, Taiwanese companies will invest at least \$250 billion in the United States, which

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PHOTO: AHMED HUMAYUN KABIR TOPU
Centre-pivot irrigation at Muladuli farm, Ishwardi, Pabna, where BADC is trialling this mechanised system that mimics rainfall to water non-paddy crops efficiently, saving water, cutting labour and costs, and boosting yields. The photo was taken recently.

New mechanised irrigation promises less water, labour

Trials underway for country's first centre-pivot irrigation

AHMED HUMAYUN KABIR TOPU, Pabna

Not all crops require flood irrigation, and using it on wheat, corn, onions, garlic, sugarcane, and other winter crops causes water wastage and may even harm the crop itself. To address this, the Bangladesh Agricultural Development Corporation (BADC) is testing a centre pivot irrigation system to deliver water precisely to maintain optimal soil moisture.

Widely used in Europe and other developed regions, centre pivot irrigation involves a long, wheeled pipe rotating around a central pivot to water fields in a circular pattern. Water flows from the central pivot through the lateral pipe, supported by towers on wheels, and sprinklers distribute it evenly over crops, similar to natural rainfall. The distance between two adjacent towers, called the span, is typically 45-60 metres, though it can be longer in larger systems.

The system reduces labour, ensures uniform water application, and can be automated, making it suitable for large-scale farming, with the irrigated area depending on the pivot arm length. However, it is unsuitable for paddy fields, which need flood irrigation.

"Paddy fields need flood irrigation, but crops like onions and wheat need light, regular watering, similar to rainfall," said Faisal Ahmed, executive engineer of BADC in Pabna. "During winter, rainfall is scarce, so farmers often use flood irrigation, wasting water. With the centre pivot system, we can supply only what the field needs. This is an automated irrigation technology."

BADC installed Bangladesh's first centre-pivot system at Muladuli agriculture farm in Ishwardi, Pabna, with six spans irrigating

over 400 bighas, and a second at Bhabanipur sugarcane farm in Natore.

The government-funded trial, using Austrian technology, cost about Tk 4 crore. Austrian engineers first trained BADC engineers, who then jointly trained local farmers. BADC continues to liaise with the Austrian engineers for maintenance support.

WATER AND LABOUR SAVINGS

The BADC anticipates that shifting to mechanised irrigation will reduce water loss, costs and labour while significantly increasing crop yields.

BADC installed the first system at Muladuli agriculture farm in Ishwardi, Pabna, covering over 400 bighas, and a second at Bhabanipur sugarcane farm in Natore. The government-funded trial uses Austrian technology and cost around Tk 4 crore

"The centre-pivot irrigation system uses 20-30 percent less water than traditional methods," said Afnan Azam Rudrho, assistant engineer at BADC Pabna. "For wheat, which normally requires 100,000-200,000 litres per bigha, the system needs only 70,000-160,000 litres, depending on soil and climate."

Anwarul Islam, in charge of the Muladuli sugarcane farm, said the system saves significant time and labour.

"The centre-pivot covers a 350-metre radius and can irrigate 150 acres at a time. With traditional flood irrigation, it would

take 25 to 30 days and a large workforce to cover this area. Now we can do it in five to seven days with almost no extra labour."

He added that water use can be controlled from the machine's control board. "From the control panel, we can supply water only to specific parts of the field as needed, so there is no wastage from over-irrigation."

Sumon Chandra Bormon, assistant engineer (irrigation) at BADC Ishwardi, said sugarcane output could rise from 15-17 tonnes per acre to 27-30 tonnes per acre using this system.

Local farmers welcomed the technology. Md Kamruzzaman, an onion farmer from Durgapur village, said, "Onion fields cannot tolerate standing water. We now need three to four labourers just to control water flow and drainage during irrigation. This technology is a blessing because it lets us water from above without harming saplings or hiring extra labour."

Award-winning farmer Md Sajahan Ali Badsha added, "We use the same irrigation method for paddy, wheat and vegetables, even though their needs are different. If this technology reaches farmers at the grassroots level, it will transform production."

The centre-pivot system under testing has six spans for large farms, but can be reduced to one for smaller farms. The official inauguration is expected by the end of the month, after the final power connections are completed.

If tests succeed, BADC plans wider installation to modernise Bangladesh's agriculture. "We plan to expand this technology for both large- and small-scale farmers, depending on their needs," said Faisal Ahmed, executive engineer of BADC in Pabna.

American CEOs push back on Trump

REUTERS

Speaking before a darkened ballroom on Thursday, US Chamber of Commerce CEO Suzanne Clark called on executives to be "fearless" in defense of free markets over government control and said the US must remain "open to the world, open to the global exchange of talent and goods and ideas and innovation."

The comments by the head of the most powerful US business lobby group could be seen as mild pushback against President Donald Trump, who has waded into business mechanics like no other US

president. He has directed the US to take stakes in tech companies, asserted control of corporate equity structures, imposed tariffs, and advanced immigration policies opposed by the Chamber.

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most powerful US business lobby group could be seen as mild pushback against President Donald Trump, who has waded into business mechanics like no other US president. He has directed the US to take stakes in tech companies, asserted control of corporate equity structures, imposed tariffs, and advanced immigration policies opposed by the Chamber.

Even as masked immigration agents confront US citizens in Minneapolis and Trump considers seizing Greenland, which may cut off American businesses from European markets, the response from business leaders has been

milquetoast, said Richard Painter,

University of Minnesota law professor and chief ethics lawyer for former President George W. Bush.

Trump has adopted an authoritarian approach in contrast to Bush's free-market economic policies, Painter said.

"I'd like to see a lot more aggressive stance from the Chamber here," Painter said of Clark's speech. "A lot of executives may have voted for Trump, but they need to speak out against coercion, whether it's aimed at a protester in the streets or aimed at a CEO who isn't doing what the natural deterrent against fraudulent reporting.

A tax system that repeatedly audits the same compliant taxpayers is not only inefficient; it undermines trust and discourages formalisation. If Bangladesh is to broaden the tax base and improve voluntary compliance, it must replace regressive audit practices with competence, consistency and closure. That is the cornerstone of a credible and modern tax regime.

The writer is chairman of Unilever Consumer Care Ltd



US President Donald Trump (C) speaks during a meeting with US oil companies executives in the East Room of the White House in Washington, DC on January 9. Trump's approval rating on the economy currently stands at a lackluster 36 percent, even as he portrays his economic policies as succeeding.

Audit overload in tax system of Bangladesh

MASUD KHAN

A well functioning tax system rests on three foundational pillars: fairness, predictability and finality. While Bangladesh has made progress in expanding the tax base and modernising legislation, the lived experience of corporate taxpayers shows a persistent failure on the last two counts. Nowhere is this more evident than in the country's regressive and repetitive tax audit practices.

Once a company files its income tax return, the assessment is conducted by the Deputy Commissioner of Taxes (DCT). In theory, this is the stage at which tax liability is determined based on audited financial statements, supporting documents and applicable law. In practice, assessments are often arbitrary. Sales figures supported by statutory audit reports are frequently rejected without credible justification, while large portions of routine business expenditure are disallowed on vague grounds of "lack of documentation", even when such documentation meets established accounting and audit standards.

The predictable outcome is a surge in appeals. Taxpayers, confident in the integrity of their audited accounts, have little choice but to seek redress at higher appellate levels. This process consumes valuable time and resources for both businesses and tax administration, diverting attention from genuinely high risk cases.

Yet even completion of an assessment does not bring closure. A significant number of cases are later selected for audit by teams of tax officials from other circles within the same tax zone. The selection criteria remain largely opaque. These teams routinely re-examine matters already scrutinised during assessment and often revise the tax position, reopening issues that taxpayers reasonably believed were settled.

The process becomes even more regressive with the involvement of two other wings under the National Board of Revenue: the Department of Inspection and the Central Intelligence Cell. Both conduct independent audits of returns that have already been assessed and re-audited. Each stage introduces new interpretations, new objections and fresh exposure to additional tax demands.

Section 212 of the Income Tax Act 2023 adds another layer of uncertainty. It grants tax authorities the power to select any return they believe involves tax evasion. While such a provision is understandable in principle, its application has often been capricious. When returns have already passed through multiple layers of assessment and audit, a reasonable question arises: how does income continue to "escape" assessment after so many reviews?

The cumulative effect is deep uncertainty. Taxpayers have no clear point at which tax liabilities can be regarded as final. From an accounting and financial reporting perspective, this creates hidden and unpredictable contingent liabilities, complicating balance sheets, investor disclosures and long-term business planning.

At the core of this problem lies a deeper structural weakness: inadequate accounting and financial analysis capacity within tax administration. Many disputes do not come from deliberate non-compliance, but from limited understanding of modern accounting principles, industry-specific cost structures and the distinction between aggressive tax planning and legitimate commercial transactions.

Strengthening accounting competence within tax offices would improve the quality of initial assessments. Properly trained officials would be better equipped to identify genuinely spurious financial statements early, while compliant taxpayers would be spared years of repetitive scrutiny. Such competence would also act as a natural deterrent against fraudulent reporting.

Equally important is the strategic use of artificial intelligence and data analytics. AI-driven tools can analyse large datasets, benchmark financial ratios across industries, identify anomalies and prioritise high-risk cases with greater accuracy than manual selection. This would reduce subjectivity, limit harassment of compliant taxpayers and improve revenue outcomes.

A tax system that repeatedly audits the same compliant taxpayers is not only inefficient; it undermines trust and discourages formalisation. If Bangladesh is to broaden the tax base and improve voluntary compliance, it must replace regressive audit practices with competence, consistency and closure. That is the cornerstone of a credible and modern tax regime.

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India slaps \$2.45m fine on IndiGo

AFP, New Delhi

India's civil aviation regulator on Saturday imposed a fine of \$2.45 million on IndiGo, the country's biggest airline, for poor roster planning that led to large-scale flight cancellations in December.

Airports across India were thrown into disarray late last year, with the private carrier admitting "misjudgement and planning gaps" in adapting to a new policy of pilot rest.

Over 4,000 mostly domestic flights were either cancelled or delayed for over a week across the country, stranding hundreds of thousands of passengers.

The operational meltdown came even though IndiGo had two years to prepare for the new rules aimed at giving pilots more rest periods in between flights to enhance passenger safety.

The Directorate General of Civil Aviation (DGCA) said it was levying the penalty for several lapses, including "failure to strike (a) balance between commercial imperatives and crew members' ability to work effectively".

The regulator ordered IndiGo to relieve its senior vice president of its operations control centre of his responsibilities, according to a statement released Saturday.

It also issued warnings to senior officials at the company, including CEO Pieter Elbers "for inadequate overall oversight of flight operations and crisis management".

There was no immediate response from IndiGo to the fine. IndiGo, which commands 60 percent of India's domestic market, operates more than 2,000 flights a day.

The crisis was one of the biggest challenges faced by the no-frills airline that has built its reputation on punctuality.

India is one of the world's fastest growing aviation markets. In November 2024, IndiGo reached a daily level of 500,000 passengers for the first time.

Asked for comment, a Chamber spokesman noted a briefing that Clark held for reporters on Friday in which she said that "We are against government intervention in business, no matter which party is suggesting it." She added that CEOs have been doing "quiet work" to promote sound public policies behind the scenes, and "not rushing to outrage."

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