Star BUSINESS

BB proposes keeping two state banks, merging others

STAR BUSINESS REPORT

The Bangladesh Bank (BB) Governor Ahsan H Mansur yesterday said the central bank has proposed that the government keep two state-owned banks and merge the others.

Bangladesh currently has 61 banks, which is far more than necessary, and 10 to 15 banks would be sufficient for the country, he said.

It would be easier to ensure good governance if the number of banks were reduced, he said while speaking at a public lecture titled "Banking sector: current challenges and future challenges".

The Bangladesh Economic Association (BEA) and the Department of Economics at Jagannath University organised the lecture, which was chaired by BEA Convener Prof Mahbub Ullah.

The governor made the comments at a time when the BB is merging five troubled shariah-based banks into a single entity in order to rescue the country's financial sector, which has been strained by high default loans due to past irregularities and weak corporate governance.

Meanwhile, discussions regarding the merger of two state-owned specialised banks -- Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank -- are also underway, while Janata Bank, once considered healthy, continues to suffer from high default loans.

Mansur, a former official of the International Monetary Fund (IMF), said criminal activities, irregularities, family dominance, and weak governance have destroyed Bangladesh's banking sector.

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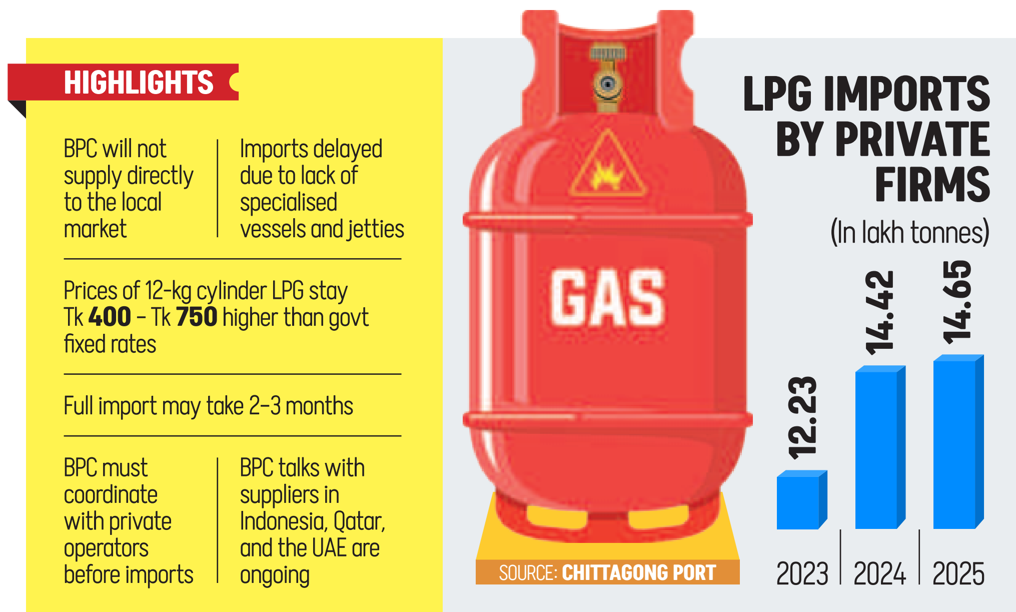
LPG imports by BPC unlikely to ease crisis soon

BPC's first-time imports may be delayed by inexperience and zero vessels, as pvt operators control distribution



MOHAMMAD SUMAN, *Ctg*

The government has allowed the Bangladesh Petroleum Corporation (BPC) to import liquefied petroleum gas through government-to-government deals amid a nationwide shortage of cooking gas cylinders and a sharp rise in prices.

The situation is being attributed to supply shortages and the authorities believe this move by the government would ease the crisis.

But a number of BPC officials said this would unlikely to bring relief anytime soon. Because, the corporation currently lacks the specialised lighterage vessels and dedicated jetties needed to transport the liquefied petroleum gas (LPG).

Because of these logistical constraints, imports cannot begin immediately, according to a number of BPC officials.

Until now, LPG imports have been handled mainly by the private sector.

According to the current arrangement, BPC is allowed to import only bulk LPG -- gas brought in large tanks or vessels -- which private operators later bottle at their own terminals before selling it in the market.

BPC will supply LPG only to approved private operators and will not be involved in bottling or retail sales.

Market insiders say weak market management and poor oversight have also contributed to the current gas cylinder crisis, but these issues are being overlooked as the authorities rush to boost supply.

"We have several infrastructural limitations, as we have never imported this type of LPG before," a BPC official said on condition of anonymity.

"Even if we import LPG, we will not sell it directly to consumers. The same private players who currently dominate the market

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GP sole buyer in first 700 MHz allocation

STAR BUSINESS REPORT

Grameenphone has secured 10 megahertz of spectrum in the 700 MHz band, often called the "golden frequency" for its wide coverage and strong indoor reach, marking the first-ever allocation of the low-band frequency to a mobile operator in Bangladesh.

The spectrum was assigned at the base price, meaning the government will earn Tk 2,370 crore from the deal. The rate was set at Tk 237 crore per megahertz (MHz).

The allocation will run for 15 years, with payments spread over 10 instalments. If the allocation period ends earlier, the payable amount will be adjusted accordingly.

The approval came yesterday at a joint meeting of the Spectrum Auction Committee and the Spectrum Management Committee, said Major General (retd) Md Emdad ul Bari, Chairman of the Bangladesh Telecommunication Regulatory Commission (BTRC).

The BTRC had fixed January 21 as the auction date. With only one bidder in the race, the regulator proceeded under its single bidder allocation rules.

The move follows Robi Axiata's decision to withdraw from the auction, citing a "mismatch" between the auction timing and its network priorities. Banglalink and state-owned Teletalk stayed away.

Despite the thin turnout, the regulator went ahead, saying that preparations had been underway since 2024. It also said Robi had shown interest in spectrum from another band, which could be taken up later.

Earlier this month, anticipating a lone bidder, the BTRC revised its auction rules. It cut the maximum spectrum cap for a single operator to 10 megahertz from 15, out of a total 25 MHz on offer.

The regulator said the change was meant to protect competition and keep room for other operators in the future.

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BB begins liquidation hearings with nine NBFIs

STAR BUSINESS REPORT

The Bangladesh Bank (BB) began hearings yesterday with the top executives of nine non-bank financial institutions (NBFIs) to determine whether there are grounds to oppose their planned liquidation.

The central bank had earlier sent letters asking the NBFIs to attend hearings scheduled yesterday and today at its Dhaka headquarters. Representatives from five finance companies attended yesterday's session.

At the hearings, NBFIs are required to explain why they should not be liquidated, while BB officials present the case for winding them up, according to central bank officials familiar with the matter.

The nine NBFIs facing liquidation are FAS Finance, Bangladesh Industrial Finance Company (BIFC), Premier Leasing, Fareast Finance, GSP Finance, Prime Finance, Aviva Finance, People's Leasing and International Leasing.

In November last year, the BB board approved the liquidation of the institutions under the newly framed Bank Resolution Ordinance 2025, the country's first comprehensive framework for resolving failing banks and NBFIs.

The ordinance outlines procedures for merging, restructuring or closing distressed institutions and sets out the hierarchy for repaying creditors after assets are sold.

Together, the nine institutions account for 52 percent, or Tk 25,089 crore, of total defaulted loans in the NBFI sector as of the end of 2024.

BB data show that as of September 2025, the country's 35 NBFIs held Tk 29,408.66 crore in non-performing loans (NPLs), equivalent to 37.11 percent of their total disbursed loans of Tk 79,251.11 crore. The sector's NPL ratio was 35.52 percent a year earlier.

Industry insiders attribute the surge in defaults to large-scale irregularities and scams during the previous government.

For instance, according to a BB probe, PK Halder, former managing director of NRB Global Bank (later Global Islami Bank), allegedly embezzled at least Tk 3,500 crore from four NBFIs -- People's Leasing, International Leasing, FAS Finance, and BIFC.

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Govt issues fresh permits to import 2 lakh tonnes of rice

An agro economist questions timing of the approvals

A man buys rice from a shop at the Karwan Bazar kitchen market in the capital yesterday evening. The food ministry recently issued permits to allow 2 lakh tonnes of parboiled rice, aiming to rein in prices. PHOTO: PRABIR DAS

SUKANTA HALDER

The food ministry has issued fresh permits allowing private traders to import 2 lakh tonnes of parboiled rice, amid comfortable public food stocks, an above average Aman harvest forecast and no sharp spike in the food staple prices.

Besides, around 6 lakh tonnes of rice approved earlier in the current fiscal year has already entered the country.

Even so, fine rice prices have edged up in recent weeks. The ministry has read this as an early warning for medium and coarse varieties, according to a notice issued on Sunday.

Agro economists, however, have questioned the move, calling it "unnecessary" as it could depress domestic prices and hurt the growers of Aman -- the second largest rice crop in Bangladesh.

In August last year, the General Economic Division said rice played a bigger role in pushing up food prices and headline inflation. The grain's contribution to food inflation rose from 40 percent in May to 51.55 percent in July last year.

As the government tries to rein in consumer prices, which have hovered above 8 percent for several months, total import permissions for private traders now stand at 8 lakh tonnes with the latest round.

Department of Agricultural Marketing data shows that on January 19, fine rice was sold at between Tk 70 and Tk 95 per kilogramme in retail markets, up from Tk 65 to Tk 90 a month earlier. That marks a 6.45 percent rise.

Md Firoz Sarkar, secretary of the Ministry of Food, told The Daily Star that the intervention is meant to steady the market after signs of rising rice prices.

Chitta Majumder, managing director of Majumder Group of Industries, a large rice miller and importer, said his company has received approval to import 4,000 tonnes and has started procurement from South India.

Majumder said the recent approvals have created challenges for large millers who usually buy and store paddy during the Aman season to supply the market throughout the year.

The government has attached several conditions to the permits. Importers must sell all imported rice in Bangladesh by March 10 and submit details of quantity, storage and distribution to district food controllers. They must also sell the rice in the original imported sacks and cannot repackage it under another company name.

Alongside private imports, the government is also bringing in rice for public stocks.

Data from the Directorate General of Food shows that authorities have initiated imports of 600,000 tonnes of rice so far this fiscal year, with 120,000 tonnes already delivered.

As of January 19, government rice stocks stood at 18.71 lakh tonnes, more than double the 8.69 lakh tonnes recorded on the same date last year.

Bangladesh needs around 3.7 crore to 3.9 crore tonnes of rice a year, most of which comes from domestic production, according to official data.

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FAO forecasts higher paddy output for Bangladesh in 2025

STAR BUSINESS REPORT

Bangladesh is expected to bag 6.2 crore tonnes of paddy in 2025, a 2.4 percent rise from a year earlier, owing to higher plantings and bumper yields in the Boro and Aman seasons, according to the latest Food and Agriculture Organization (FAO) report.

Favourable weather conditions helped the crop through the growing period, the UN agency said.

The FAO has forecasted Bangladesh's paddy production to remain above-average in 2025. Average national production during 2020 to 2024 stood at 5.83 crore tonnes.

In its country brief on Bangladesh released late last month, the UN agency said harvesting of the Aman crop, which makes up about 35 percent of annual output, is due to wrap up by the end of December 2025.

Production is forecast at an above-average level, due mainly to anticipated bumper yields and favourable weather conditions.

Rainfed Aman acreage rose 5.5 percent year-on-year to 59.23 lakh hectares in 2025, according to the Department of Agricultural Extension (DAE).

The FAO also pointed to last year's Boro crop, which accounts for around 55 percent of total output, and said production was estimated at a record 3.17 crore tonnes.

This reflects expanded plantings in response to high prices at sowing time and strong yields supported by favourable weather, it said.

DAE estimation showed that Boro acreage increased 3.35 percent year-on-year to 50.5 lakh hectares in 2025.

Aus production, however, fell after floods damaged crops between May and July 2025. Output of this smallest contributor to the rice basket was estimated at 45 lakh tonnes, about 9 percent below average, the FAO said.

The UN agency said maize production reached a record 53 lakh tonnes, due mostly to larger sowings amid firm domestic demand and high prices during planting.

"Favourable weather conditions and widespread use of high-yielding seed varieties supported above-average yields," it said.

In the case of wheat, the third-largest cereal crop, production in 2025 was 11 lakh tonnes, which the agency terms "a near-average level."

Overall, the country is expected to produce 6.84 crore tonnes of cereals in 2025, registering a 2.2 percent year-on-year increase.

Despite increased domestic production, the UN agency forecasted above-average cereal imports.

Import needs for rice in calendar year 2025 are forecast at an above-average level of 18 lakh tonnes, following the government's decision to reduce rice import duties from 63.2 percent to just a 2 percent service charge on August 10, 2025, in response to elevated domestic rice prices, it said.

The FAO said Bangladesh's cereal imports consist mostly of wheat, which covers 80 percent of the country's consumption needs, plus minor quantities of rice and maize.

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