

# Star BUSINESS



## Stocks jump to 18-month high after vote

Companies tied to election winners saw shares rise

### STAR BUSINESS REPORT

The stock market finally found its smile. Shares soared on the first trading day after the February 12 national election, lifting the main index to its strongest single-day gain in the past 18 months.

The benchmark DSEX climbed 200 points, or 3.7 percent, to 5,600. It marked the biggest daily jump since August 8, 2024, when investors cheered the prospect of sweeping reforms following the fall of the Awami League in a mass uprising.

This time, the trigger was different, but the mood felt familiar. Investors, sensing a political reset, rushed in.

Turnover, the total value of shares traded, surged 61 percent to Tk 1,275 crore. For the first time in five months, daily trading crossed Tk 1,000 crore. Of 394 traded stocks, 364 advanced while only 26 declined.

The message was somewhat clear. Confidence, at least for now, has returned.

Investors are betting that the BNP-led government, set to take office this week, will push ahead with reforms, strengthen oversight and perhaps bring some stronger companies to the market.

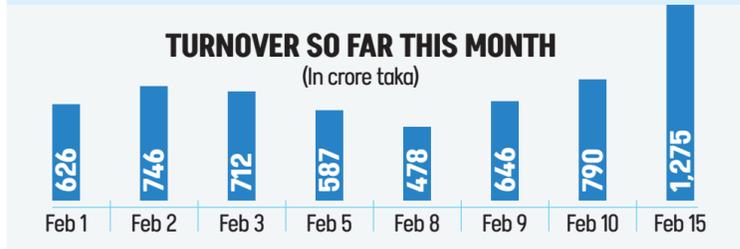
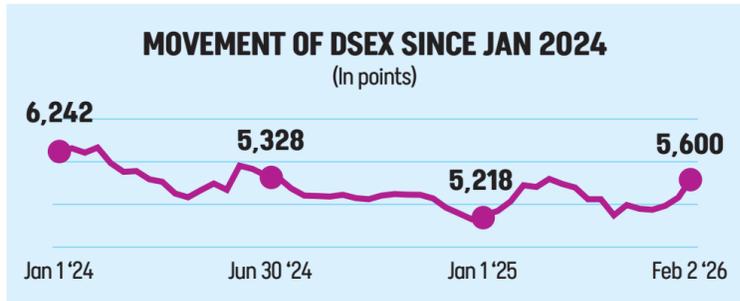
Market analysts point to the anticipation that foreign investors, who had earlier said they would return after a credible election, may now reconsider Bangladesh.

Hope is powerful in the stock market. When investors expect better days, they buy. When buying gathers pace, prices jump. That is precisely what unfolded.

During the tenure of the current interim government, reform efforts continued, yet the index swung between gains and losses over the past year and a half. Now, the election result has injected fresh optimism.

A closer look shows that yesterday's rally was not evenly spread.

Islami Bank fell nearly 5 percent, topping the losers' list. Ibn Sina also declined. Both firms are widely believed to have significant



TOP FIVE GAINERS			TOP FIVE LOSERS		
COMPANY	RISE	CATEGORY	COMPANY	FALL	CATEGORY
First Finance	10%	Z	Islami Bank	4.9%	A
Phoenix Finance	10%	Z	Zeal Bangla	3.9%	Z
One Bank	10%	B	Apex Spinning	3.6%	A
Tung Hai Knitting	10%	Z	Islamic Finance	3.6%	Z
Zaheen Spinning	10%	Z	Ibn Sina	2.9%	A

stakes held by leaders of Bangladesh Jamaat-e-Islami, whose electoral setback appeared to weigh on sentiment. In contrast, several companies linked to BNP leaders surged close to the daily limit of 10 percent.

## 700 MHZ BAND Teletalk to get spectrum despite Tk 5,500cr dues

### MAHMUDUL HASAN

The government has directed the telecom regulator to allocate a majority share of the remaining 700 MHz spectrum to state-owned operator Teletalk Bangladesh, despite the company having more than Tk 5,500 crore in unpaid spectrum fees and other liabilities.

The move has triggered questions over compliance with existing rules.

According to official documents seen by The Daily Star, the Posts and Telecommunications Division recently issued a directive to the Bangladesh Telecommunication Regulatory Commission (BTRC) to allocate 10 MHz to Teletalk from the 15 MHz that remained unsold in the 700 MHz band through an executive order.

The total spectrum earmarked for auction in this band was 25 MHz. On January 21, Grameenphone became the first mobile operator in Bangladesh to secure spectrum in the 700 MHz band, acquiring 10 MHz at the base price of Tk 237 crore per MHz.

The company will pay Tk 2,370 crore for the allocation. Grameenphone was the only bidder in the auction. Anticipating limited participation, the BTRC had revised its auction rules beforehand, reducing the maximum amount a single operator could acquire from 15 MHz to 10 MHz. As there was no other bidder, Grameenphone was awarded 10 MHz, leaving 15 MHz unallocated.

The government has now moved to allocate 10 MHz of that remaining spectrum to Teletalk, leaving only 5 MHz unassigned.

The decision has raised concerns because existing spectrum guidelines generally bar operators with outstanding dues from receiving fresh allocations.

Teletalk currently owes Tk 5,506 crore in unpaid spectrum fees and other liabilities.

BTRC Chairman Md Emdad ul Bari confirmed receiving the government's letter requesting the allocation.

He said Teletalk had earlier sought spectrum from this band but was declined on the grounds that allocating it without auction would be uncompetitive.

"Since the allocation has already been completed to an operator after calling an auction and 15 MHz remains unsold, the government can allocate the remaining spectrum," he told The Daily Star.

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## Broken trust: New govt faces battle to clean up banks

### MD MEHEDI HASAN

Faruk Hasan lies bedridden in his home, recovering from bypass surgery. The 64-year-old heart patient needs regular medication to stay alive, but he cannot access the money to pay for it. His life savings — Tk 80 lakh in fixed deposits — remain frozen at Aviva Finance, a financial institution now on the verge of liquidation.

"I needed urgent money for my regular treatment, but the financial institution is not paying it back even after the deposit matured," a frustrated Hasan told The Daily Star. "Will the new government be able to help me get back my money?"

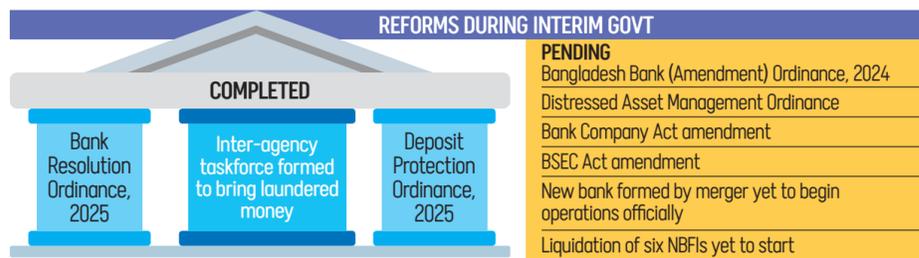
His question captures the anxiety of thousands of Bangladeshis trapped in a financial crisis that has been

years in the making. Despite casting his vote in the February 12 election while ill, Hasan remains uncertain whether the political transition will bring relief or simply more broken promises.

Aviva Finance is one of six financial institutions the interim government has designated for liquidation following massive irregularities and scams that flourished during the Awami League's 16-year rule. But the rot extends far beyond these six institutions.

The new Bangladesh Nationalist Party (BNP)-led government, set to be formed this week, now inherits a banking sector in crisis, with trust shattered and billions in deposits at risk.

**A CRISIS HIDDEN IN PLAIN SIGHT**  
For years, the scale of Bangladesh's



financial troubles remained obscured. Only after the interim administration took power and ordered forensic audits did the full picture emerge, and it was far worse than anyone had publicly acknowledged.

Non-performing loans (NPLs) in the banking sector reached a historic

high of 35 percent of all outstanding loans by September last year, totalling Tk 6.44 lakh crore.

Just two months before the August 2024 political changeover, bad loans stood at Tk 2 lakh crore.

The explosive growth in problem loans revealed systemic manipulation

that had been masked for years.

"Now we know that the country's bad loans exceed Tk 6 lakh crore, but collateral against these loans is very minimal," said Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue (CPD). "This is one of the major challenges for the next

government."

The interim government attempted to address the crisis by initiating mergers of five troubled banks, but is set to leave office without completing the process.

Depositors at those institutions remain unable to access their funds, their situation exemplifying the broader paralysis gripping the financial sector.

According to Mashrur Arefin, chairman of the Association of Bankers Bangladesh (ABB) and managing director of City Bank, the new government inherits a banking system strained by three interlocking problems — weak governance, weak balance sheets, and weak policy credibility.

High non-performing loans, READ MORE ON B3

## Imported goods push up inflation in Oct-Dec

Contribution of locally produced goods declines: BB report

### STAR BUSINESS REPORT

The contribution of imported goods to inflation rose in the October-December quarter of the ongoing fiscal year 2025-26 (FY26), reflecting higher prices of items brought from abroad.

In contrast, the contribution of domestically produced food and non-food items to inflation declined during the same period, according to a Bangladesh Bank (BB) report on inflation dynamics published yesterday.

Overall inflation, measured by the consumer price index, eased slightly, averaging 8.3 percent in the October-December quarter, down from 8.4 percent in the July-September quarter of FY26.

The average contribution of import-dependent items to inflation increased to 30 percent in the October-December quarter, up from 24 percent in the previous quarter, while the share of domestically produced items declined to 70 percent from 76 percent.

BB said that the country faced historically high inflation in the first two quarters of FY25, which began to ease in the third quarter and continued

moderating through the second quarter of the current fiscal year.

Food inflation, which stayed in double digits in the first half of FY25, dropped to single digits in the second half and fell further to an average of 7.4 percent in the October-December quarter.

Retail and wholesale prices of most selected commodities declined, except for soybeans and onions.

"Notable price increases were seen in chicken and onions in both retail

and wholesale markets compared to the previous quarter," the report said.

Non-food inflation remained high but broadly stable, averaging about 9.5 percent in FY25. It began to ease slightly in the second quarter of FY26, falling to an average of 9.1 percent.

The report identified protein-based foods, cereals, and spices as the main drivers of food inflation.

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