

Star BUSINESS



Eid nears, NBFIs depositors still await refunds

MD MEHEDI HASAN

Abdul Momen Chowdhury, a retired government official, invested all his savings in Aviva Finance and Prime Finance — Tk 1.8 crore together with his wife. The 87-year-old suffers from serious health complications. But for the last six months, he has been unable to access his money at the struggling institutions.

The problem compounded last December, when the central bank announced plans to liquidate both institutions, along with seven other non-bank financial institutions (NBFIs).

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

Former Bangladesh Bank (BB) governor Ahsan H Mansur said in January that even if the institutions were liquidated, individual depositors might get their principal amounts back before Eid.

That hope has yet to materialise. "I earned well during my career, but at this stage of life, I have to depend on money sent by my daughters living abroad to pay

for my medical treatment," Chowdhury told The Daily Star.

He had hoped things would take a turn for the better if an elected government came to power. The new government has come, but is yet to take any steps to that end.

"The government is distributing family cards, yet no steps are being taken to ensure that we get our deposits back," he said.

He last received interest payments in September last year. "I heard that Bangladesh Bank would arrange repayment for depositors before Eid, but with the festival just days away, we have yet to receive any update," he said.

Chowdhury is one of over 3,000 depositors waiting for refunds from nine struggling NBFIs that BB decided to wind up or restructure under the newly enacted Bank Resolution Ordinance 2025 — the country's first comprehensive framework for resolving failing banks and NBFIs.

Together, the nine NBFIs hold deposits worth Tk 15,370 crore, including Tk 3,525 crore from individual depositors and Tk 11,845 crore from banks and corporate clients, according to BB data.

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Bangladesh's cement producers reject US 'overcapacity' claims

BANGLADESH'S CEMENT EXPORTS TO US ALMOST ZERO

LOCAL MARKET

Total cement plants: 41

Installed annual production capacity: 86.02m tonnes

Domestic demand: 39.75m tonnes

Average annual cumulative demand growth: 8%



CEMENT EXPORTS

Bangladesh exports very small volumes

Estimated exports around 20,000 tonnes

Main export market: India's Tripura state

DEMAND DRIVERS

Major infrastructure projects over the past decade

Urbanisation and housing construction

Anticipation of future demand from a growing economy

JAGARAN CHAKMA

Bangladeshi cement manufacturers have dismissed claims by the Office of the US Trade Representative (USTR) last week over alleged industry overcapacity, insisting that the sector's production reflects growing domestic demand driven by a decade of major infrastructure projects and the needs of a rapidly expanding economy.

They also pointed out that Bangladesh exports very little cement, with shipments to the United States nearly non-existent. Most exports are directed to neighbouring regions of India.

The comments come amid a US trade investigation into Bangladesh and more than a dozen other economies, examining whether their policies and production practices are contributing to global overcapacity that could harm American manufacturing.

In its official complaint, the US cited unused capacity in Bangladesh's cement industry as evidence of unfair trade.

According to the Bangladesh Cement Manufacturers Association (BCMA), the country has 41 cement plants with a combined annual production capacity of 86.02 million tonnes.

The domestic demand was at 39.75 million tonnes in 2025, up 5.55 percent from the previous year.

Multinational companies account for around 20 percent to 25 percent of this capacity. Bangladesh exports a very small amount of cement, with annual shipments to India's Tripura estimated at roughly

20,000 tonnes, according to BCMA.

Mohammad Khoushed Alam, deputy managing director of Fresh Cement, a concern of Meghna Group of Industries, said, "Bangladesh's cement capacity should not be interpreted simply as overcapacity, as the sector is preparing for future demand in a growing economy."

He said that while the country's installed capacity stands at about 86 million tonnes, annual consumption is roughly 40 million tonnes.

"Although this may appear excessive on paper, it reflects long term planning rather than unnecessary investment," Alam said.

He said cement demand in Bangladesh has grown at an average annual rate of around 8 percent. If this trend continues, the existing capacity could be fully absorbed within eight to nine years.

"In a country of 170 million people with ongoing urbanisation and infrastructure development, production capacity must anticipate future demand," Alam added.

He also highlighted structural challenges, with almost all raw materials imported, leaving the industry vulnerable to global supply disruptions and shipping delays.

Demand is also highly seasonal, peaking during the dry construction months. In some periods, deliveries can reach around 4.5 million tonnes, requiring sufficient capacity to ensure an uninterrupted supply, Alam added.

Echoing a similar perspective, Mohammed Amirul Haque, president of the BCMA and managing director of Premier

Cement Mills PLC, said claims of overinvestment or overproduction are misleading.

"There is no evidence of overinvestment in the industry," he said, responding to claims linked to the US investigation. "What is often described as overcapacity actually reflects how industrial capacity is measured and utilised in practice."

Haque said that installed capacity represents the theoretical maximum output under ideal conditions, while factories rarely operate at full capacity year-round.

Maintenance requirements, power and gas shortages, and seasonal fluctuations mean plants cannot sustain peak production continuously. Cement's limited storage life also forces manufacturers to maintain adequate capacity to meet sudden surges in demand, he further said.

"If capacity is not built ahead of demand, the industry would struggle to supply the market during peak construction periods," he said, adding that demand has been growing by around 8 percent to 10 percent annually, driven by infrastructure development, housing projects, and urbanisation.

Mohammad Iqbal Chowdhury, chief executive officer of LafargeHolcim Bangladesh PLC, said the sector has expanded significantly over the past 15 years in anticipation of sustained infrastructure investment.

Chowdhury said Bangladesh exports very little cement, with shipments to the US almost nil. Limited exports mainly go to India.

READ MORE ON B2

BB orders swift merger of five Islamic banks

Chairman of the merged bank resigns

STAR BUSINESS REPORT

Bangladesh Bank (BB) has instructed administrators and officials to expedite the ongoing merger of five struggling shariah-based banks, including completing IT integration, as part of the wider banking sector reforms.

"There is no alternative to completing the merger quickly as part of broader banking sector reforms," BB Governor Md Mostaqur Rahman told officials during a meeting yesterday with administrators appointed to oversee the five banks.

The meeting, chaired by the governor, was attended by the administrators of the

five banks, their supporting teams, and central bank officials.

The directive came just hours after Mohammad Ayub Mia, chairman of the board of the state-owned Sammilito Islami Bank PLC — formed through the merger of the five troubled shariah-based lenders — resigned.

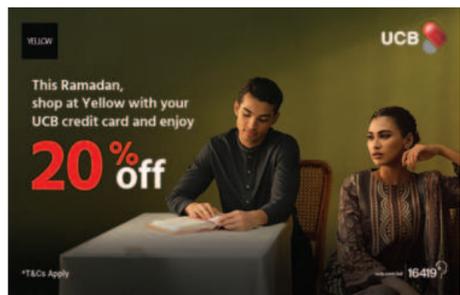
He submitted his resignation to the secretary of the Financial Institutions Division under the finance ministry, citing personal reasons.

Central bank officials at the meeting said the governor inquired about delays in IT integration. The banks currently use different software systems and data structures, making it technically complex to consolidate all data onto a single platform.

Officials assured the governor that efforts are ongoing to complete the process as quickly as possible.

Some members of the administrator teams said rumours were circulating in the market about the merger. In response, the

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EPA policy delivery key to Japanese investment

Say diplomats, experts and stakeholders

STAR BUSINESS REPORT

The recently signed Economic Partnership Agreement (EPA) holds significant potential to boost Japanese investment in Bangladesh, but realising those gains depends entirely on effective industrial policy implementation and institutional capacity building, diplomats and policy experts said at a seminar yesterday.

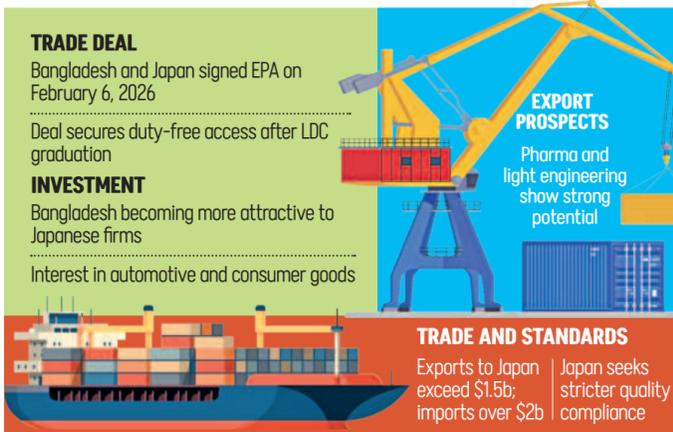
Without proper execution, however, the agreement risks remaining a symbolic document rather than a catalyst for economic transformation, they said at a seminar on "Maximising the Opportunities of the Bangladesh-Japan Economic Partnership Agreement" organised by the Centre for Policy Dialogue (CPD) at the Japan Embassy in Dhaka.

Speaking at the event, Japanese Ambassador Saida Shinichi noted that so far, Japanese investment in Bangladesh has been modest, but the potential remains high as the EPA can encourage stronger business engagement.

The deal addresses not only tariff reduction but also investment frameworks, customs procedures, regulations and rules in services, the ambassador said. It will enhance institutional capacity to facilitate Japanese investment.

However, he stressed that Bangladesh needs the right industrial policy and proper implementation is critical for realising the EPA's potential.

Kenichi Ohno, an emeritus professor at



the National Graduate Institute for Policy Studies in Tokyo, said Japanese investors talk more about India as Bangladesh does not feature prominently in their investment planning.

Implementation of industrial policy is the key for attracting investment, he said, citing Vietnam as an example of how policy execution can deliver results.

The emeritus professor suggested five conditions for effective policy formulation — the leader's vision and commitment, policy design and consensus building,

documentation and approval, substantive and meaningful participation, and a competent secretariat with sufficient authority and capacity.

Fahmida Khatun, executive director of the CPD, said the EPA would be crucial for sustaining trade and investment ties and maintaining Bangladesh's preferential access to the Japanese market after graduating from the least developed country (LDC) category.

However, she stressed that Bangladesh must improve its business environment,

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Solar could help save \$3b in LNG cost a year: report

STAR BUSINESS REPORT

Bangladesh could save nearly \$3 billion in liquefied natural gas (LNG) import costs over 25 years by developing 1 gigawatt (GW) of solar power capacity, according to a new report by the Institute for Energy Economics and Financial Analysis (IEEFA).

The report, titled "Iran tensions underscore the urgency of Asia's renewables pivot for macroeconomic stability", warns that escalating geopolitical tensions are once again exposing the economic vulnerabilities of countries heavily dependent on imported fossil fuels.

According to the report, ongoing tensions involving Iran have triggered sharp increases in global energy prices, with crude oil prices rising 51 percent and LNG prices increasing by as much as 77 percent in recent weeks.

The surge is placing renewed pressure on energy-import-dependent Asian economies, including Bangladesh.

IEEFA said that if the crisis continues, energy prices could rise even further, potentially driving up inflation, putting pressure on foreign exchange reserves, and weakening overall macroeconomic stability across the region.

"In such a volatile global energy environment, accelerating the transition to renewable energy is no longer optional but essential for economic resilience," the report said.

Bangladesh relies heavily on imported LNG to meet its growing energy demand. A significant share of the country's LNG supply comes from Qatar and Oman under long-term agreements. However, the country also purchases LNG from the spot market during supply shortages.

According to the report, Bangladesh recently bought a spot LNG cargo at \$28.28 per million British thermal units (MMBtu)—almost three times the benchmark Japan-Korea Marker (JKM) price recorded last month.

IEEFA said such price volatility demonstrates how reliance on imported LNG can quickly translate into fiscal pressure for developing economies.

Energy analysts say Bangladesh remains particularly exposed due to limited domestic gas reserves and a long-standing dependence on imported fossil fuels.

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Bida outlines plan to boost investment

STAR BUSINESS REPORT

The executive chairman of the Bangladesh Investment Development Authority (Bida), Ashik Chowdhury, has outlined a 180-day action plan aimed at strengthening the country's investment climate through coordinated reforms across four key agencies.

The roadmap, presented to Prime Minister Tarique Rahman on Sunday evening, brings together Bida, the Bangladesh Economic Zones Authority (Beza), the Maheshkhali Integrated Development Authority (Mida), and the Public-Private Partnership Authority (PPPA) under a common reform framework.

Chowdhury said the plan seeks to place investment at the centre of Bangladesh's economic growth strategy by accelerating job creation and encouraging both domestic and foreign investment.

"Our plan is centred on building an investment-led economy, accelerating employment creation, and increasing the level of domestic and foreign investment in Bangladesh through focused, implementation-driven reforms," he said.

Amid global economic uncertainty, the immediate priority will be to support domestic investors and help existing businesses expand, while maintaining continued engagement with foreign investors.

The six-month roadmap outlines 25 initiatives structured around three pillars: infrastructure development, investment facilitation, and investment promotion.

The largest share of initiatives — 13 in total — falls under infrastructure development, focusing on logistics improvements and industrial readiness.