



More than half of local banks ineligible for dividend payouts

MD MEHEDI HASAN

More than half of the country's scheduled banks will not be able to pay dividends this year, as rising bad loans and provisioning shortfalls continue to erode their financial strength.

This follows a dividend payout policy introduced by the Bangladesh Bank (BB) in March last year, which has tightened eligibility rules for

profit distribution.

Under the policy, banks using provisioning deferrals are not allowed to issue dividends from 2024. From 2025 onwards, commercial lenders with non-performing loans (NPLs) above 10 percent of their total loan portfolio are also disqualified, regardless of profitability.

As of December last year, 29 banks, both state-owned and private, had double digit NPL ratios.

This accounts for nearly half of all scheduled banks. Of them, 17 listed lenders will be unable to pay dividends this year solely due to high defaulted loans.

Banks are required to finalise their balance sheets by April 30 under regulatory rules, and many have already announced dividend plans.

However, the central bank has withheld approval for more than 20 banks due to high levels of bad loans

and the use of deferral facilities to meet provisioning requirements.

Some lenders even met the BB governor seeking approval, but failed to secure permission.

All state-owned banks are ineligible to pay dividends because of their high bad loan ratios. These include Krishi Bank, Agrani Bank, Janata Bank, Sonali Bank, Rupali Bank, Rajshahi Krishi Unnayan Bank, Probashi Kallyan Bank, BASIC

Bank and Bangladesh Development Bank.

A large number of private commercial banks have also failed to qualify.

These include AB Bank, Modhumoti Bank, NRBC Bank, Al-Arafah Islami Bank, Standard Bank, One Bank, IFIC Bank, Islami Bank Bangladesh, ICB Islamic Bank, NRB Bank, Bengal Commercial Bank,

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Govt allows duty-free import of electric school buses

STAR BUSINESS REPORT

The government has allowed the duty-free import of electric buses for educational institutions to promote safe and environment-friendly transportation for students.

The Internal Resources Division (IRD) under the Ministry of Finance issued a statutory regulatory order (SRO) recently, following consultations with the National Board of Revenue (NBR).

Under the SRO, electric buses imported for student transport will enjoy full exemption from customs duty (CD), regulatory duty (RD), value-added tax (VAT), supplementary duty (SD), advance tax (AT), and advance income tax (AIT).

The facility applies to buses with a minimum seating capacity of 17, including the driver.

Both public and private educational institutions, as well as importers contracted to provide student transport services, will be eligible for the benefit.

To qualify, the buses must be brand new and comply with standards set by the Bangladesh Road Transport Authority (BRTA) or other relevant authorities. Alternatively, certification from the exporting country's type approval authority will be accepted.

The battery of the buses must carry a minimum warranty of seven years or 300,000 kilometres, supported by proper documentation.

The buses must be painted yellow and clearly marked as "School/College/Student Bus."

For safety, they must also be equipped with CCTV or IP cameras and GPS tracking systems.

The vehicles cannot be used for commercial purposes, including rental or ride-sharing services, and must be registered with the BRTA as student transport buses.

According to the notification, the imported buses must be used exclusively for student transport for at least five years. After this period, transfer or sale may be allowed with prior approval, without any tax liability.

However, if a bus is transferred within five years, applicable duties and taxes will be imposed after adjusting depreciation, subject to approval.

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HAOR FLOODED

What it means for rice production and prices

SUKANTA HALDER

This year's Boro paddy harvest in the haor region had raised hopes of a strong yield, with farmers racing against time to harvest, thresh, and dry their crops. But from late April, extreme weather has left farmers struggling to save their crops.

Torrential pre-monsoon rainfall, rising river levels, and upstream inflows from India have submerged fields across the haor region at the peak of the harvest season, threatening rice production, food security and prices.

Boro is the dry season irrigated rice crop planted from December to early February and harvested between April and June. The season accounts for over half of all rice production in the country. Seven haor districts alone contributed nearly one fifth of last season's national output.

For Bangladesh, world's third largest rice producer, a major disruption to the season's production could bring disaster for food security.

Analysts, however, say the full market impact will not be clear for another two weeks. Data from government and ground sources reveal a crop under mounting pressure, with losses likely to grow before the harvest window closes.

PRODUCTION IMPACT

According to the Department of Agricultural Extension (DAE), about 17 percent of standing Boro paddy in seven haor districts remained at risk of flooding as of yesterday.

This year, Boro paddy was cultivated on 9.63 lakh hectares across the seven haor districts – Sylhet, Sunamganj, Moulvibazar, Habiganj, Netrokona, Kishoreganj, and Brahmanbaria – with nearly half the acreage lying within haor basins. That puts over 77,000 hectares in danger of inundation.

Based on the average yield of over four tonnes per hectare recorded in the previous Boro season, more than three lakh tonnes of rice are at risk. That is about 1.4 percent of last season's total Boro production of 2.13 crore tonnes, DAE data shows.

Farmers had harvested 63.91 percent of haor paddy as of April 29, said Md Jamal Uddin,

PRODUCTION MIX

Boro accounts for **55%** of Bangladesh's rice output

Haor areas produce nearly **one-fifth** of Boro

HARVEST PROGRESS

About **64%** of haor harvest completed

RISKS

Nearly **17%** of crops still at flood risk

Around **77,000** hectares potentially affected

IMPACT

Estimated loss: about **3 lakh tonnes** of rice



This year's rain-induced damage is expected to have only a marginal effect on national prices.

Abdul Bayes
Former VC and economics professor at Jahangirnagar University



PHOTO: MASUK HRIDOV



additional director for monitoring and implementation at DAE's Field Services Wing.

The situation is unlikely to improve before mid-week at the earliest.

A seven-day forecast issued by the Flood Forecasting and Warning Centre (FFWC) yesterday projects all major rivers serving the haor basin – the Surma-Kushiyara, Dhanu-Baulai, and Vuigai-Kangs – will simultaneously breach pre-monsoon danger

levels by May 3.

Flood conditions are expected across Sylhet, Sunamganj, Moulvibazar, Habiganj, and Netrokona. Cumulative rainfall of 150 to 350 millimetres is projected over the seven-day period.

Conditions are only expected to ease from May 5 onwards.

The floods are hitting a crop already under strain. A recent United States Department of Agriculture report projected national rice production would fall 0.7 percent this season.

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Bangladesh presents its case for LDC graduation deferment

REFAYET ULLAH MIRDHA

Bangladesh cited gaps in readiness, incomplete core reforms, and economic fallout from the Iran war as reasons for seeking an extension of the transition period for graduation from the least developed country (LDC) category by three more years at the public hearing of the UNCDP on April 29.

Commerce Minister Khandakar Abdul Muktadir attended the virtual hearing with Chair of the United Nations Committee for Development Policy (UNCDP) José Antonio Ocampo, Additional Commerce Secretary Md Abdur Rahim Khan told The Daily Star.

Khan also said the UNCDP wanted to know the reasons why Bangladesh is seeking an extension of the transition

UNCDP asked why Bangladesh seeking extension

BANGLADESH'S REASONS

Lack in preparedness and reform implementation

Middle East war

Financial vulnerability

Weak banking system

Export slowdown

Uncertain business climate

Next step: UNCDP to send report on hearing to another UN panel in June

period for LDC graduation.

Bangladesh mainly cited the country's gap in preparedness, lower implementation of core reforms, and the fallout of the US-Israel war on Iran as the main reasons for the requested extension, the additional secretary said.

Apart from these three main reasons, Bangladesh also mentioned vulnerabilities in the financial sector, weaknesses in the banking system, an export slowdown due to volatile global supply chains, high interest rates, and an uncertain business and investment climate in support of the extension, he said.

Bangladesh is scheduled to graduate from LDC status on November 24 this year, but it has sought to delay the

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Chinese firms win Tk 945cr deals to drill 3 gas, oil wells

STAR BUSINESS REPORT

The government has selected two Chinese companies to drill three wells at different locations across the country at a cost of Tk 945 crore.

The Cabinet Committee on Government Purchase approved the firms for key energy exploration projects at its 19th meeting, held yesterday and chaired by Finance Minister Amir Khosru Mahmud Chowdhury. The projects aim to strengthen the country's gas and oil reserves.

Under a BAPEX project, two exploratory wells – Srikail Deep-1 and Mobarakpur Deep-1 – will be drilled as part of a three-well programme. The contract for these two wells was awarded to CNPC Chuangqing Drilling Engineering Company Limited at a cost of Tk 713 crore.

The committee also approved the drilling of the Sylhet-12 oil well under a separate project. The contract was awarded to Sinopec International Petroleum Service Corporation (SIPSC) at a cost of Tk 232 crore, covering drilling and related works.

Foreign financing falls 19% in Jul-Mar

STAR BUSINESS REPORT

Foreign financing received by Bangladesh fell 19 percent year-on-year in the July-March period of fiscal year 2025-26 (FY26), mainly due to the slow implementation of foreign-funded development projects.

The government received \$3.89 billion in foreign loans during the nine months of FY26, down from \$4.80 billion in the same period of the previous fiscal year, according to provisional data from the External Resources Division (ERD) published yesterday.

Data from the Implementation Monitoring and Evaluation Division under the Ministry of Planning showed that implementation of the foreign-funded Annual Development Programme (ADP) stood at 34.56 percent in July-March this year, slightly lower than 35.8 percent in the same period last year.

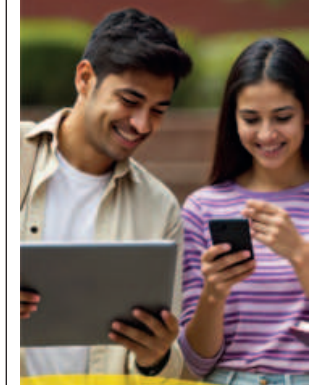
Of the loans received by Bangladesh, Russia disbursed \$828 million, according to ERD data.

However, debt servicing rose to \$3.52 billion during July-March, up 9 percent from \$3.21 billion a year earlier. Interest payments accounted for \$1.24 billion of the total repayment.

ERD data also showed that commitments from both multilateral and bilateral lenders declined during the period.

Total commitments in July-March FY26 stood at \$2.80 billion, down 6.6 percent year-on-year. All commitments during this period were in the form of project assistance.

Eastern Bank PLC.



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Bank Asia, Rancon British Motors team up to offer auto loans for MG vehicles

STAR BUSINESS DESK

Bank Asia PLC has signed a strategic partnership agreement with Rancon British Motors Limited (RBML), the authorised distributor of MG (Morris Garages) vehicles in Bangladesh, to enhance customers' accessibility and convenience.

Syed Zulkar Nayen, deputy managing director and head of retail banking at the bank, and Hussain Mashnoor Chowdhury, chief executive officer of Rancon British Motors Limited, signed

the agreement at a ceremony held in Dhaka recently, according to a press release.

Under the agreement, Bank Asia will offer attractive and convenient auto loan facilities to individual customers for purchasing MG vehicles.

The collaboration reflects Bank Asia's commitment to providing value-added services in the retail banking sector and improving the overall customer experience, the release said.

Senior officials from both organisations were present at the event.



Hussain Mashnoor Chowdhury, chief executive officer of Rancon British Motors Limited, and Syed Zulkar Nayen, deputy managing director and head of retail banking at Bank Asia PLC, pose for a photograph after signing the agreement in Dhaka recently.

PHOTO: BANK ASIA

Al-Mamun appointed AMD of Shahjalal Islami Bank

STAR BUSINESS DESK

Shahjalal Islami Bank PLC has appointed Md Abdullah Al-Mamun to the post of additional managing director (AMD).

Prior to this appointment, Al-Mamun served as deputy managing director at Al-Arafah Islami Bank PLC (AIBPLC), according to a press release.

He has 28 years of professional experience at AIBPLC, where he worked in various capacities. He began his banking career with AIBPLC as a probationary officer in 1998.

Al-Mamun has a proven track record and extensive hands-on experience in different areas of banking. He has also demonstrated strong performance in branch business development, having served for a long time as the manager of three corporate branches of the bank.

He obtained his graduate and postgraduate degrees from the University of Dhaka, along with an MBA in accounting.



Abdullah Al-Mamun



Jiaoqun Shi, representative of the Food and Agriculture Organization (FAO) in Bangladesh, and Ali Ahmed, chief commercial officer of bKash Limited, pose for a photograph after signing the agreement at the FAO Bangladesh country office in Dhaka recently.

PHOTO: BKASH

FAO partners with bKash to streamline cash aid, incentive disbursement

STAR BUSINESS DESK

The Food and Agriculture Organization of the United Nations (FAO) has signed an agreement with bKash Limited, a leading mobile financial service (MFS) provider in Bangladesh, to disburse cash assistance and incentives directly to beneficiaries through MFS.

The initiative aims to simplify, enhance transparency, and strengthen the security of FAO's field-level financial management.

Beneficiaries will be able to receive funds instantly in their bKash accounts and use them for emergency and daily needs.

Ali Ahmed, chief commercial officer of bKash Limited, and Jiaoqun Shi, FAO representative in Bangladesh, signed the agreement at the FAO Bangladesh Country Office in Dhaka recently, according to a press release.

Under the agreement, FAO will use bKash's "Disbursement Solution" to provide unconditional cash assistance to disaster-affected communities, including farmers, fishermen, livestock keepers, and day labourers.

The system enables immediate disbursement at any time, including weekends and holidays, helping recipients meet urgent needs and support early recovery.

Pubali Bank opens sub-branch at Shishu Hospital

STAR BUSINESS DESK

Pubali Bank PLC has opened a sub-branch at the Bangladesh Shishu Hospital & Institute, aiming to provide modern and convenient banking services to patients and their families.

This is the bank's 280th sub-branch, according to a press release.

Prof AKM Azizul Hoque, chairman of the Shishu Hospital, inaugurated the sub-branch as the chief guest.

Speaking at the ceremony, Hoque said the initiative to set up a sub-branch at a sensitive and important institution like Shishu Hospital was highly commendable.

"Such coordinated efforts will play

a significant role in making healthcare more humane and accessible in the future," he said.

He expressed hope that the new sub-branch would help enhance the overall quality of services at the hospital and further strengthen public trust.

Prof Md Mahbulul Haque, director of the hospital, and Md Azaharul Islam, deputy director (hospital), attended the event as special guests.

AKM Abdur Raqib, general manager and regional manager for Dhaka North, presided over the programme.

Mohammad Ali, managing director and CEO of the bank, said they will remain committed to delivering customer-centric services.



Prof AKM Azizul Hoque, chairman of Bangladesh Shishu Hospital & Institute, inaugurates Pubali Bank PLC's 280th sub-branch on the hospital premises in Dhaka on Wednesday. Mohammad Ali, managing director and CEO of the bank, was also present.

PHOTO: PUBALI BANK

IFIC Bank launches Islamic banking windows, service desks

STAR BUSINESS DESK

IFIC Bank PLC recently launched five new Islamic banking windows along with Islamic banking service desks across the country to ensure easier, faster, and more efficient services.

Md Mehmood Husain, chairman of the bank, inaugurated the initiatives at a ceremony held at the Multipurpose Hall of IFIC Tower in Dhaka as the chief guest, according to a press release.

During the event, Husain unveiled the bank's Islamic banking logo and the slogan "A Blend of Purity and Blessing" to further strengthen Shariah-based banking activities and enhance customer service.

In his speech, Husain said, "The demand and growth of Islamic banking in Bangladesh are highly promising. By leveraging IFIC Bank's robust network, the youth will be the driving force behind the expansion of this sector."

"Our goal is to further strengthen the skills of young people and ensure quality, customer-friendly services through proper guidance," he added.

Syed Mansur Mustafa, managing director

of the bank, said, "The logo, slogan, and service desks have been launched as part of IFIC Bank's commitment to expanding its Islamic banking services."

"In the near future, more innovative and demand-driven products will be introduced

for customers," he added.

Mohammad Zamal Uddin, head of the Islamic banking division, along with deputy managing directors, heads of divisions and departments, and senior officials, also attended the event.



Md Mehmood Husain, chairman of IFIC Bank PLC, inaugurates the bank's Islamic banking windows and service desks at IFIC Tower in Dhaka recently.

PHOTO: IFIC BANK

IPDC Finance declares 10% dividend

STAR BUSINESS DESK

IPDC Finance PLC has announced a 10 percent dividend for 2025, including 5 percent in cash.

The non-bank financial institution reported a 25.39 percent year-on-year (YoY) rise in net profit to Tk 45.5 crore, reflecting resilience amid persistent macroeconomic headwinds.

The performance was driven by robust investment income, higher interest earnings, strategic portfolio diversification, and disciplined cost management. Earnings per share (EPS) increased to Tk 1.11 in 2025, according to audited financial statements.

Gross interest income grew 8.50 percent YoY to Tk 956 crore, supported by portfolio expansion and prudent lending.

Operating income rose 7.43 percent YoY

to Tk 348.4 crore, bolstered by a sharp 93.29 percent increase in investment income to Tk 132.4 crore due to stronger treasury yields and active capital market strategies, said a press release.



Rizwan Dawood Shams, managing director of the NBFI, said, "2025 was a year of disciplined execution and strategic resilience for IPDC. Despite a challenging macroeconomic environment, we strengthened our earnings base through diversified income streams

across various products and prudent cost management."

"Our focus on portfolio quality, efficient capital deployment, and strong risk governance enabled us to deliver sustainable profitability while reinforcing balance sheet strength."

"We remain committed to creating long-term value for our stakeholders through responsible growth and financial stability," he added.

Operating expenses rose 10.33 percent YoY to Tk 163.1 crore, while operating profit increased 5.01 percent YoY to Tk 185.3 crore.

At the end of 2025, loans, leases, and advances stood at Tk 7,462.2 crore, up 7.31 percent YoY. Deposits rose 14.60 percent to Tk 6,224.9 crore, reflecting continued depositor confidence.

City Bank's Q1 profit jumps 162%

STAR BUSINESS DESK

City Bank PLC reported a 162 percent year-on-year increase in net profit in the first quarter (Q1) of 2026, driven by robust growth in core banking income.

The bank's profit after tax (PAT) rose to Tk 241 crore in the January-March period, up from Tk 92 crore a year earlier.

Earnings per share (EPS) also climbed to Tk 1.6 from Tk 0.6, reflecting improved returns for shareholders. Mashrur Arefin, managing director and CEO of the bank, welcomed the strong performance but flagged concerns over slowing credit growth.

"While I am happy with such a strong increase in profit, I am equally concerned about the sharp slowdown in credit growth in the first quarter," he said.

"The direction in which credit growth in our sector is heading is, quite frankly, a matter of concern," he added.

The bank's performance was underpinned by solid gains in interest, investment, and fee-based income.



Interest income from loans grew 14 percent to Tk 1,306 crore from Tk 1,143 crore. Investment income surged to Tk 1,014 crore from Tk 603 crore, accounting for 32 percent of total operating income.

Fee and commission income also rose 27 percent, supported by higher foreign exchange earnings, card-related fees, and trade services.

Total income increased more than 38 percent to Tk 1,338 crore in the first quarter. Costs remained contained, with expenses at Tk 595 crore. As a result, the cost-to-income ratio improved to 44 percent, down from over 52 percent in the same period last year.

Dutch-Bangla Bank announces 30% dividend

STAR BUSINESS DESK

Dutch-Bangla Bank PLC (DBBL) has declared a 30 percent dividend, including a 25 percent cash dividend, for the year that ended on December 31, 2025.

The decision was taken at the 307th meeting of the bank's board of directors held in Dhaka recently, according to a press release.

Sadia Rayen Ahmed, chairman of the bank, presided over the meeting.

The bank reported a net profit after tax and provisions of Tk 965 crore for 2025, marking a 104 percent increase from the previous year.

Earnings per share (EPS) stood at Tk 9.98 as of December 31, 2025, up from Tk 4.90 a year earlier.



Net asset value (NAV) rose to Tk 62.14, compared to Tk 53.39 in the previous year, reflecting improved shareholder value.

The board also approved the audited financial statements for the year ended December 31, 2025.

In terms of financial stability, the bank's capital-to-risk-weighted assets ratio stood at 17.13 percent in 2025, up from 13.83 percent in 2024, remaining well above the regulatory requirement.



A kiln worker carefully carries bricks across uneven stacks in Manda upazila of Naogaon, doing a risky and physically demanding job for a daily wage of around Tk 600-Tk 700. The photo was taken yesterday, ahead of International Workers' Day being observed today.

PHOTO: AZAHAR UDDIN

Alphabet soars as Meta stumbles over AI costs

AFP, San Francisco

Google-parent Alphabet impressed Wall Street with its latest quarterly earnings on Wednesday, as big tech rival Meta left investors lukewarm amid concerns about the huge cost of AI development.

The earnings — along with reports from Microsoft and Amazon — came as AI titans pump billions of dollars into cloud computing and artificial intelligence, vying to lead in technology that they insist will transform all aspects of life.

Shares in Alphabet rose by more than six percent in after-hours trading as investors lauded the company's success in making the pivot to AI and solid revenue across its major divisions.

The tech giant reported a profit of \$62.6 billion on revenue just shy of \$110 billion, easily eclipsing the same period a year earlier and beating market expectations.

Shares of Alphabet, maker of Gemini AI, have risen 26 percent in the past six months while rivals Meta and Microsoft have watched their shares dive nearly 11 percent and 22 percent respectively in the same period.

"Alphabet remains one of the top names in the AI Revolution given the vertically integrated approach across Search, YouTube, and its ad cohort which continues to accelerate," said Dan Ives of Wedbush Securities.

Social media behemoth Meta, which rivals Google for advertising revenue, meanwhile saw its shares slide by more than six percent, despite topping earnings expectations for the recently ended quarter.



PHOTO: REUTERS/FILE

Meta sent tremors through its results by announcing that expenses at the tech giant notched up to \$33.4 billion as it chases "superintelligence," including a hiring spree for top AI talent.

Meta also increased its projected capital spending — mainly for data centers — for the year by \$10 billion, to a new range of \$125 billion to \$145 billion. The company reported a profit of \$26.8 billion on revenue of \$56.3 billion in the quarter.

AI investments from the company that owns Instagram and Facebook are not directly tied to a revenue stream as with Amazon, Microsoft and Google, which sell AI capabilities to cloud clients.

Meta has moved to rein in costs to help fund its AI ambitions, announcing last week that it would cut roughly 8,000 jobs and leave 6,000 open roles unfilled.

While investors are wary of whether spending fortunes on AI is financially shrewd, companies insist it is justified by seemingly insatiable demand, a position Wall Street mostly supports even if shares in some of the tech giants have struggled in recent months.

Gold gains

REUTERS

Gold rose on Thursday on dip-buying, but was on track for a second straight monthly fall as elevated oil prices kept fears of inflation and higher-for-longer interest rates alive.

Spot gold was up 1 percent at \$4,588.09 per ounce, as of 0736 GMT, after falling to its lowest point since March 31 in the last session. Bullion was down about 1.7 percent so far this month.

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US gold futures for June delivery rose 0.4 percent to \$4,578.10.

"Gold has struggled again this month as oil strength has dominated the narrative. Rising crude pushes up inflation expectations and interest rate forecasts, which in turn caps gold's appeal," said Tim Waterer, chief market analyst at KCM Trade.

However, "a combination of bargain-hunting and expectations that a peaceful resolution to the (US-Iran) conflict will be found at some point are providing something of a floor for gold," he said.

Govt forms panel to review revenue reform

STAR BUSINESS REPORT

The government has formed a high-powered panel to review the widely discussed ordinances on revenue reform framed by the Prof Muhammad Yunus-led interim administration.

The ordinance and its subsequent amendment on Revenue Policy and Revenue Management, along with 12 other ordinances, lost validity as the parliament failed to ratify them within the constitutionally mandated 30-day period since its first sitting on March 12.

According to a Cabinet Division notification issued on April 28, the nine-member panel will be headed by Ismail Zabiullah, the prime minister's adviser on public administration, to re-examine the Revenue Policy and Revenue Management Ordinance and its amendment.

The committee includes Rashed Al Mahmud Titumir, adviser to the prime minister on finance and planning, along with the cabinet secretary and secretaries

of the finance, public administration, and legislative divisions.

The National Board of Revenue (NBR) chairman will serve as the member-secretary of the panel to review the ordinance and make recommendations

Framed in May 2025, the ordinances sought to separate tax policy formulation from collection and to form two divisions by dissolving the NBR, which drew massive protests from revenue officials in June

to propose a new bill for revenue reform, a key condition tied to the International Monetary Fund's (IMF) \$5.5 billion loan programme approved for Bangladesh.

Multilateral lenders, including the IMF, had long advocated reforms in the tax system and administration to boost

revenue collection, as Bangladesh has one of the world's lowest tax-to-GDP ratios.

Framed in May 2025, the ordinances sought to separate tax policy formulation from collection and to form two divisions by dissolving the NBR, which drew massive protests from revenue officials in June.

The process of separation was further delayed in the later months due to bureaucratic wrangling over the organogram and rules of business.

Subsequently, the interim administration left office, leaving the implementation of the law to the next elected government.

At a meeting with the Economic Reporters' Forum on April 25, Finance Minister Amir Khosru Mahmud Chowdhury termed the country's tax framework historically "half-baked" and said a new committee has been formed to separate tax policy from execution, ensuring future policies "genuinely reflect the will of the people."

ECB warns of risks from war as it holds rates

AFP, Frankfurt

The European Central Bank held interest rates steady on Thursday but signalled a possible increase ahead as it warned of growing risks to the growth and inflation outlook due to the war in the Middle East.

Energy costs have surged since the near-total closure of the Strait of Hormuz, through which about a fifth of the world's oil and gas usually passes, following the outbreak of the US-Israeli war against Iran.

"The increase in energy prices will keep inflation well above two percent in the near term," ECB president Christine Lagarde said at a press conference. "As the period of high energy prices extends, the likely impact on broader inflation through indirect and second round effects intensifies," she added.

The ECB's decision to hold its key deposit rate at two percent, where it has been since June last year, was in line with analysts' expectations, as the bank waits to see how the war plays out and for more data to gauge its impact on the eurozone economy.

Lagarde told journalists the ECB had made a unanimous decision to keep rates where they were on the basis of "insufficient information", adding that some indicators nevertheless showed the economy moving away from the bank's more benign baseline scenario.

"We are certainly moving away from the baseline," Lagarde said. "I think directionally I know where we're heading."

Eurozone economic growth slowed to 0.1 percent in the first three months of the year, official data showed Thursday, and eurozone inflation jumped to three percent in April, well above the ECB's two-percent target.

More than half of local banks ineligible for dividend

FROM PAGE B1

Mercantile Bank, Global Islami Bank, EXIM Bank, First Security Islami Bank, Social Islami Bank, Union Bank, SBAC Bank, Padma Bank, United Commercial Bank, Shimanto Bank, National Bank, Premier Bank, Meghna Bank, Bangladesh Commerce Bank and Citizens Bank.

They have been disqualified due to elevated bad loans and reliance on provisioning deferral facilities. Some of these banks are still seeking approval to declare at least stock dividends and are continuing discussions with the central bank.

Tarek Reaz Khan, managing director and chief executive of NRB Bank PLC, said the bank will not be able to declare a dividend this year

Bangladesh presents its case

FROM PAGE B1

transition until 2029, citing domestic and external economic pressures.

The UNCDP will prepare a report on Bangladesh's hearing and submit its recommendations to the United Nations Economic and Social Council (ECOSOC) in June.

The ECOSOC will then forward its assessment to the United Nations General Assembly (UNGA), scheduled to meet in September, where a vote will finalise the decision on the deferment.

Earlier, on February 19, the newly elected government sent a letter to the chair of the UNCDP, requesting that the preparatory period be extended until November 24, 2029, mentioning that more time is needed to ensure readiness.

Following Bangladesh's request, the UNCDP discussed the issue at its annual meeting in February and agreed on a process to assess the proposal.

due to the BB policy.

"We are reducing our provisioning shortfall, and other financial indicators of the bank are improving," he added.

Sharif Zahir, chairman of United Commercial Bank (UCB), said the bank's financial position is improving.

"We submitted a three-year plan to the central bank and are working in line with it. However, we are still unable to pay dividends this year," he said.

Md Touhidul Alam Khan, managing director of NRB Bank, said the lender has improved across several indicators, including governance, but is unable to pay dividends due to the use of provisioning deferral facilities.

As per the BB rules, a bank may

only pay cash dividends from the net profit of the relevant financial year and cannot use accumulated profits. Even then, payouts are capped at 30 percent of paid-up capital or 50 percent of net profit, whichever is lower.

Despite the restrictions, a small group of listed banks have declared dividends.

These include City Bank, BRAC Bank, Pubali Bank, Dhaka Bank, Uttara Bank, Eastern Bank, Prime Bank, NCC Bank, Dutch-Bangla Bank, Mutual Trust Bank, Bank Asia, Jamuna Bank, Shahjalal Islami Bank, Southeast Bank, Trust Bank and Midland Bank.

Outside of the listed category, Community Bank has declared a dividend.

Ukraine war, inflation, and pressure on the balance of payments.

It also noted that while Bangladesh meets all three criteria for graduation, significant risks persist, including the loss of trade preferences, fiscal and financial vulnerabilities, and weak institutional coordination.

Rising import costs for fossil fuels have created operational constraints, with gas shortages worsening due to the Middle East conflict, the report said.

Economic growth slowed from 7.1 percent in FY22 to 3.5 percent in FY25, weakening momentum ahead of graduation.

Inflation has outpaced wages, pushing millions into hardship and vulnerability.

A recent UN Trade and Development assessment estimated that Bangladesh could lose more than \$17.5 billion in annual exports after graduation.

Haor flooded

FROM PAGE B1

It attributed lower Boro yields partly to disrupted irrigation and fertiliser use, caused by fuel and fertiliser shortages linked to the Middle East conflict.

Agricultural economist Jahangir Alam Khan estimated that Boro production could decline by as much as 20 percent in haor regions and 10 percent nationally, citing fertiliser shortages, rainfall, and upstream flooding.

PRICE OUTLOOK

Whether production losses will translate into broader price increases remains an open question.

Major producing regions — Naogaon, Rajshahi, Natore, Bogra, and Joypurhat — have only recently started harvesting.

A clearer picture will emerge in the next 10 to 15 days, said Nirod Baran Saha, president of the Paddy and Rice Stockists and Wholesalers' Association in Naogaon.

"If the crop performs well in these northern regions, it could offset the losses in the Haor area and have a stabilising effect on the overall market," he said. "It will be possible to understand the real market impact only after the harvest is largely completed. At this stage, it is not appropriate to draw conclusions."

DAE's director of field services Md Obaidur Rahman Mondol said that two or three days of dry conditions would be enough to keep remaining crops out of danger.

Md Moniruzzaman, director of procurement at the Directorate General of Food, also said he does not

expect damage to be very high or to have a significant market impact.

Abdul Bayes, former vice-chancellor and economics professor at Jahangirnagar University, noted that this year's rain-induced damage is expected to have only a marginal effect on national prices.

The government's existing stock of about 13 lakh tonnes should help prevent major market fluctuations, he added.

He also noted that the pressure will be felt most acutely in the haor districts themselves, where Boro is the sole crop.

The professor explained that affected farmers may have to turn to the market for their own rice needs — creating localised demand pressure even if the national picture holds.

The government has begun responding. On April 29, a high-level meeting chaired by Food Secretary Abu Taher Md Masud Rana decided to allow farmers to use private rice mills and government warehouses to dry their paddy with departmental support.

The Directorate General of Food will procure the dried paddy directly, Moniruzzaman said. Millers are also being encouraged to quickly purchase paddy so the government can maximise procurement while sustaining mill operations, he said.

Prof Bayes said compensating farmers through a fixed procurement price is necessary.

Ensuring farmers can sell their grain without corruption, harassment, or insecurity should be a priority, he added.

Govt allows

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Importers will have to apply to the NBR with the required documents to obtain the exemption, and the board will issue a decision within 10 working days after verification.

An undertaking on non-judicial stamp paper must also be submitted to customs authorities to ensure compliance with the conditions.

In case of any violation, the

exemption will be cancelled, all applicable duties, taxes, fines and interest will be realised, and the importer will become ineligible for such benefits in the future.

The SRO came into effect immediately and will remain valid until June 30, 2026. NBR officials said the initiative is expected to encourage safer and greener student transportation across the country.

Rising energy costs threaten export competitiveness

GED report warns energy costs, ME tensions risk inflation, trade deficit, FX stability

STAR BUSINESS REPORT

Rising global energy prices, driven by geopolitical tensions, along with recent domestic fuel price adjustments, are pushing up production and transport costs and threatening Bangladesh's export competitiveness, according to a General Economics Division (GED) report published yesterday.

Export performance weakened in the first quarter of 2026 after a relatively strong start, the GED said in its April issue of the Economic Update & Outlook.

Year-on-year export growth fell sharply from negative 0.50 percent in January to negative 12.03 percent in February, before declining further to negative 18.07 percent in March. The report linked this trend to softer external demand and emerging supply-side constraints.

Readymade garment (RMG) exports declined from \$3.61 billion in January to \$2.78 billion in March, reflecting seasonal normalisation and weaker global demand.

Non-RMG exports were more volatile, dropping to \$679 million in February before rising slightly to \$698 million in March. The GED said the broad-based decline across export categories points to broader pressure on the sector.

However, it added that a modest recovery in non-RMG exports and steady demand for garments offer some cautious relief, although policy support and efficiency improvements may be needed going forward.

On inflation, the report said there were some positive developments as headline inflation eased slightly in March. Lower rice prices helped offset continued price increases in meat, fish, and vegetables.

EXTERNAL SECTOR

Energy costs rising, weighing on exports

Export growth slowed sharply in recent months

RMG exports falling; non-RMG volatile

INFLATION

Inflation easing, but non-food prices still rising

FINANCIAL STABILITY

Remittances, reserves supporting stability

Deposits rising, signalling confidence

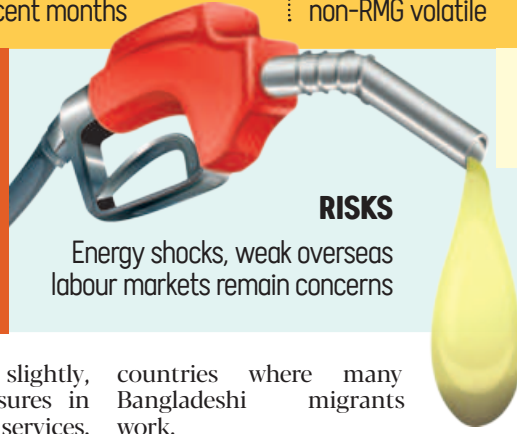
BORROWING

Public borrowing up; private credit steady

Any further increase in energy costs or depreciation of the taka could quickly reverse recent moderation, the report said

RISKS

Energy shocks, weak overseas labour markets remain concerns



Non-food inflation rose slightly, reflecting persistent cost pressures in housing, transport, utilities, and services. The GED linked these pressures to exchange rate effects, higher energy costs, and rising production and distribution expenses.

"Persistent non-food inflation suggests that underlying inflationary pressures remain entrenched despite temporary relief from food prices," the report said.

The GED also highlighted strong remittance inflows and higher foreign exchange reserves compared to last year as key buffers for external sector stability.

It said remittances continue to support the economy by strengthening reserves, financing the current account, and improving macroeconomic resilience.

It added that, amid the energy crisis, higher remittances are helping offset rising import payments and supporting reserve accumulation. However, it warned that geopolitical tensions could affect labour markets in energy-exporting

countries where many Bangladeshi migrants work.

While seasonal factors may support inflows in the short term, the report said remittance sustainability in the medium term will depend on external labour demand and global economic stability.

It also cautioned that rising global energy costs and tensions in the Middle East pose renewed risks to inflation, the trade deficit, and exchange rate stability. "Any further increase in energy costs or depreciation of the taka could quickly reverse recent moderation."

On the domestic financial sector, the GED said public sector borrowing from banks has increased significantly. Credit growth to the public sector rose nearly 30 percent year-on-year in February 2026, the highest in five months, compared to 26.15 percent in February 2025.

"Public sector credit growth is accelerating sharply, partly reflecting

increased government borrowing amid mounting energy-related fiscal pressures," the GED said.

Private sector credit also increased, although growth remained stable at 6.03 percent in both months.

The report said that up to February 2026, both bank deposits and credit disbursement showed a generally positive trend, indicating gradual recovery and improving confidence in the banking sector.

Total bank deposits reached Tk 19.95 lakh crore in February, up 11.28 percent year-on-year.

This was higher than Tk 19.67 lakh crore in January, when deposits grew 10.44 percent year-on-year.

The data used in the report were sourced from the Bangladesh Bureau of Statistics (BBS), Implementation Monitoring and Evaluation Division (IMED), Export Promotion Bureau (EPB), Bangladesh Bank (BB), and the National Board of Revenue (NBR).

Samsung posts record profit on AI boom

AFP, Seoul

Samsung Electronics said Thursday that operating profit soared 750 percent on-year to a record high in the first quarter thanks to strong sales of chips crucial for artificial intelligence, and forecast continued healthy demand in the next three months.

The South Korean technology giant has emerged as a key player – along with rival SK hynix – in the supply of high-performing chips in demand from companies racing to keep up with the fast-evolving AI industry.

Their strong performance has come as the South Korean government has pledged to make the country one of the world's top three AI powers alongside the United States and China.

Samsung said in its earnings report on Thursday it had "achieved record quarterly revenue and operating profit through AI technology innovations and proactive market response".

It said operating profit came in at 57.2 trillion won (\$38.4 billion), having said earlier in the month that it expected to reach a quarterly record.

Net profit hit 47.1 trillion won, beating forecasts in a Bloomberg survey of analysts, while sales reached 133.9 trillion won, an all-time quarterly high.

Its chips division also beat expectations with a huge rise in profit to 53.7 trillion won, accounting for the bulk of the unit's total.

The company said its memory arm "surpassed its quarterly sales record by addressing high-value-added AI demand despite limited supply availability, with industry-wide memory price increases also a contributing factor".

It added that it expected "strong memory demand to continue" through the second quarter as the buildout of AI infrastructure continues apace.

Chief financial officer Park Soon-cheol brushed off concerns about supply chain disruption due to the Middle East war, saying "semiconductor production lines are currently operating normally".

Global rice supply at risk from Iran war, El Nino

REUTERS, Singapore/Bangkok

Rice supply is expected to fall this year as farmers cut planting acreage across Asia because of fertiliser shortages and soaring fuel costs from the Iran war, with an emerging El Nino also set to squeeze output of the world's most consumed staple.

Rice is central to global food security, and even modest supply disruptions can ripple through countries, lifting prices and straining household budgets, particularly among price-sensitive consumers in Asia and Africa. The UN Food and Agriculture Organization in April forecast rice output would expand by 2 percent to a record high in 2025/26.

The effects of the Iran war are impacting farmers in top exporters Thailand and Vietnam as well as the import-reliant Philippines and Indonesia, growers and traders said. The war has cut fuel and fertiliser flows through the Strait of Hormuz, a key chokepoint that connects the Gulf to global markets.

Southeast Asia's mainly smallholder farmers also face mounting stress as the El Nino weather phenomenon is set to usher in hotter, drier conditions for the region in the second half of the year.

"Farmers have already started planting rice in some countries and are using fewer inputs because prices have gone up," said Maximo Torero, chief economist at the UN FAO. "We are going to see a tighter global supply situation in the second half of the year and early next year."

In 2008, export curbs by key suppliers more than doubled prices to about \$1,000 a metric ton, triggering unrest in several countries. More recently, supply tightness in 2022 to 2023, exacerbated by India's export restrictions, lifted prices and prompted panic buying.

SUPPLY-CHAIN DISRUPTION

Rice shipments are already facing supply-

chain bottlenecks.

"Logistics have become a nightmare, especially in Asia as there is shortage of polypropylene bags, limited truck availability to move rice to ports and shipping itself has been disrupted," said a Singapore-based trader at a top global rice merchant, who asked to remain unidentified as they are not authorized to speak to media.

While fertiliser shortages and dryness are already curbing yields of smaller crops being harvested in Southeast Asia, the next crop will likely face a bigger reduction.

Rice is central to global food security, and even modest supply disruptions can ripple through countries, lifting prices and straining household budgets, particularly among price-sensitive consumers in Asia and Africa

India, Thailand and the Philippines plant their main crops in June and July, while Vietnam and Indonesia are now sowing their second-season crops.

Most Asian producers grow two or three rice crops a year.

FARMERS CUT PLANTING

Sripai Kaew-Eam, a 60-year-old farmer in Thailand's Chai Nat province about 151 km (94 miles) north of Bangkok, said high fertiliser and fuel prices have pushed production costs to about 6,000 baht (\$183.99) per rai (0.4 acre), from around 4,500 to 5,000 baht for the previous crop, while the price she receives for the unhusked rice she harvests is about 6,200 baht per metric ton.

Fertiliser prices have risen to 1,000 to 1,200

baht per bag, from 850 baht, forcing her to cut her use by half.

"Fertiliser prices are high, fuel prices are high," she said.

The Philippines, the world's biggest rice importer, faces a similar situation.

"Some farmers are now saying they may not plant or will reduce fertiliser use, which would inevitably cut production," said Arze Glipo, executive director of the Integrated Rural Development Foundation.

The country's output could fall by as much as 6 million tons from its typical 19 million to 20 million.

"That would leave the Philippines in a precarious position, as imports are also uncertain due to export restrictions, making it extremely difficult to cover any production shortfall," Glipo said. In Indonesia, fertiliser supply is not a constraint but the El Nino is expected to curb output.

Indonesia's statistics bureau estimates the rice harvest area in the March to May period will shrink by 10.6 percent to 3.85 million hectares (9.5 million acres), while unhusked rice production will drop 11.12 percent to 20.68 million tons.

Despite the supply worries, the world has ample rice inventories following years of bumper output, with India, the world's biggest exporter, holding a record 42 million tons or about one-fifth of global stockpiles, according to US Department of Agriculture data, cushioning any drop in global production.

Most rice grade prices are currently steady but will likely rise even if the Hormuz situation were resolved immediately, the FAO's Torero said.

Opening the strait soon would avoid a major supply issue but "if we don't reopen this in the next two to three weeks, the situation is going to get pretty serious," he said.



The effects of the Iran war are impacting farmers in top exporters Thailand and Vietnam as well as the import-reliant Philippines and Indonesia.

PHOTO: REUTERS/FILE

When looting turns respectable

MAHTAB UDDIN AHMED

The news was so uplifting that one could almost picture an emergency meeting of the "Chor Samity", "Dakat Association", "People Looter Forum" and the esteemed "Bank Looters Welfare Council". Tea was poured. Samosas arrived. A solemn resolution was passed.

If the biggest bank looters can repair their past, soften legal troubles and perhaps return through a lawful arrangement after paying back only a slice of the damage, surely smaller thieves of the republic deserve equal compassion. Why should petty criminals remain trapped in outdated ideas like punishment and consequences when large-scale looting now appears eligible for rehabilitation?

The poor victim remains where the poor victim always remains in Bangladesh: outside the room, inside the suffering and still expected to finance the solution.

To be fair, governments do not pass such laws for entertainment. The Bank Resolution Act 2026, especially Section 18A, has been reported as creating a path for former owners of distressed or merged banks to regain control under certain conditions. They may do so by paying 7.5 percent upfront of the public funds injected into the bank and repaying the rest within two years with 10 percent simple interest. Critics see a route back for those linked to the wrecking of banks. Supporters call it a practical way to recover at least part of what might otherwise be lost.

The reasoning is easy to imagine. Looters are hard to bring back. Stolen money is hard to trace. Court cases move slowly. Banks are weak, the economy gasping, and repeated recapitalisation with public money would deepen inflation and fiscal pressure.

Perhaps some recovery is better than none. On paper, that sounds realistic. In practice, it teaches a dangerous lesson. If you loot on a large enough scale and survive long enough, the state may stop chasing you and start negotiating.

But the issue is bigger than a single section of a single law. I had written earlier

that large-scale bank looting in Bangladesh rarely occurs as a solo act.

No giant looter can inflict such damage without support, silence or cooperation from bank managing directors, compliant boards, parts of the central bank top brass, bureaucrats, political patrons and a legal culture that often punishes the weak faster than the guilty. The looter may be the face. The ecosystem keeps the back door open. I had warned earlier that successive governments have failed to dismantle the machinery that enabled such looting.

The government had another option. It could have chosen a tougher legal fight, pursued assets aggressively, gone after facilitators as well as front-end looters, permanently barred compromised sponsors from regaining control, and sent a clear message that banking is not a private picnic for politically connected adventurers. That would not only have punished offenders. It would have warned future predators that the state still has some spine.

The world offers little comfort for the softer route. There is no celebrated example of former bank wreckers being allowed to return, suddenly discovering honesty and leading a moral recovery. Serious banking reforms usually do the opposite. Failed owners and managers are removed. Shareholders absorb losses. Legal recovery is pursued. Those who break trust should not be first in line to reclaim it.

This brings us back to that imaginary meeting of the thief associations. Their demand sounded absurd. Under this new moral arithmetic, it is not absurd at all. When the savings of ordinary people and poor depositors are taken, recycled through failure and then handed back, directly or indirectly, to those accused of wrecking the banks, the joke is no longer in the opening paragraph. The joke is on the public. And the bill is theirs.

The writer is the founder of BuildCon Consultancies Ltd and BuildNation Ltd



Powell appeals for Fed independence

AFP, Washington

US Federal Reserve Chair Jerome Powell made a fervent appeal Wednesday for central bank independence, as he prepares to cap an eight-year term at its helm marked by insults and legal action under the Trump administration.

Powell's chairman term ends on May 15, and at his last policy press conference as chief, he announced that he would continue serving as a Fed governor for some time – even after vacating the top job.

The decision swiftly drew ire from President Donald Trump, who charged that he was only staying as he "can't get a job anywhere else."

At his press briefing, Powell gave a lengthy explanation of why central bank independence was key to the economy and the general public.

"We just work directly for the American people," he said. "We don't think, oh, I want to do this because the president says it's a good idea, or because there's an election coming up and I want to speed up or slow down the economy," Powell added.

"This isn't bipartisan. This is nonpartisan," he said.

The briefing, where Powell appeared more relaxed than previous news conferences, concluded with some applause.

"You want people to make monetary policy and set interest rates to benefit the general public, and try to achieve economic goals, which are maximum employment and price stability, and focus only on that, and ignore political considerations – completely ignore them," he said.

The Fed has come under sharp pressure from Trump during Powell's term, sparking concerns that its cherished independence could be eroded.

Trump has called Powell a "numbskull" and "moron," lashing out at the Fed chief for not slashing interest rates more aggressively.