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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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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, 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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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 HRIDOY

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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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.

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 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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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

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 Chuanqing 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.