

## BB raises auto, personal loan ceilings

The moves come as the central bank pushes for shift to greener vehicles

### STAR BUSINESS REPORT

The Bangladesh Bank (BB) has revised its prudential regulations on consumer financing, raising the ceiling for auto and personal loans and introducing incentives to promote electric and hybrid vehicles.

The central bank issued a circular in this regard yesterday, stating that banks will now be allowed to provide auto loans of up to Tk 80 lakh per individual, including insurance coverage, for purchasing electric and hybrid vehicles.

Previously, banks could provide auto loans of up to Tk60 lakh per individual for conventional vehicles, with no separate ceiling for electric and hybrid vehicles.

The BB said it set the new limit for purchasing electric and hybrid vehicles to encourage environmentally friendly transport.

The regulator also eased equity requirements for such vehicles. While conventional auto loans must maintain a maximum debt-equity ratio of 60:40, loans for electric and hybrid cars can now be extended at a more relaxed ratio of 80:20.

The BB said the changes were made in consideration of rising automobile prices and the growing demand for cleaner and more energy-efficient vehicles in the country.

### KEY POINTS

- Loans up to Tk 80 lakh introduced for EVs, hybrid cars
- Unsecured personal loan limit doubled to Tk 10 lakh
- Secured personal loans can now go up to Tk 40 lakh

The regulator also revised limits on personal loans, including those for consumer durables. Under the new rules, individuals can take out unsecured personal loans of up to Tk 10 lakh, up from the previous limit of Tk 5 lakh.

Banks may lend higher amounts if backed by proper securities, but the total loan in such cases cannot exceed Tk 40 lakh. Earlier, this limit was Tk 20 lakh.

Loans secured against liquid assets will remain outside this cap, as per the circular.

The regulator noted that Bangladesh's consumer market has expanded significantly in recent years, driven by rising per capita income and steady economic growth.

As per the circular, the BB imposed a prudential safeguard, directing banks to ensure that growth in consumer loans does not exceed the overall loan growth of the respective bank.

The latest instructions supersede previous circulars issued in 2004, 2017, and 2024 on consumer financing. The directive, issued under the Bank Companies Act, 1991, took effect immediately.

## Urea supply concerns surface ahead of Aman season

Two failed tenders test fertiliser sourcing as regular Gulf suppliers hold back shipments

### UREA SUPPLY SITUATION

Current stock 3.54 lakh tonnes

Govt benchmark reserve 4 lakh tonnes

Stock gap 46,000 tonnes below benchmark

### AMAN SEASON REQUIREMENT

Estimated need (Jul-Aug)

6.65 lakh tonnes	Projected stock by June 5.5 lakh tonnes	Shortfall around 1 lakh tonnes
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### ANNUAL DEMAND

- 26 lakh tonnes
- Local production 10 lakh tonnes
- Import 16 lakh tonnes

### IMPORT EFFORTS



### Tender 1 (Mar 25)

- 2 lakh tonnes sought
- No bids

### Tender 2 (Apr 1)

- 2 lakh tonnes sought
- 50,000 tonnes offered

### Re-Tender (Apr 27)

- 2 lakh tonnes sought

The global supply situation is quite different due to the war. Therefore, the government's approach to importing fertiliser will have to change

Anwar Faruk  
Former agriculture secretary

### SUKANTA HALDER

The country may face a shortfall of around 1 lakh tonnes of urea in July for the Aman planting season unless the government is able to secure fresh import commitments in the coming weeks, after two consecutive international tenders failed to attract adequate supply.

The agriculture ministry currently holds 3.54 lakh tonnes of urea, below its benchmark reserve level of around 4 lakh tonnes, according to officials.

Even with domestic urea plants back online in May, projected availability of the fertiliser by the end of June is expected to reach about 5.5 lakh tonnes.

But the Aman season will require an estimated 6.65 lakh tonnes of urea, leaving a shortfall of around 1 lakh tonnes just weeks before farmers begin preparing seedbeds for the country's second-largest rice crop.

To meet the demand and replenish fertiliser stocks, the government floated two tenders on March 25 and April 1, seeking a total of 4 lakh tonnes of urea. Officials said one tender drew no bids, while the other received only a partial offer of 50,000 tonnes.

A fresh re-tender was issued on April 27 for 2 lakh tonnes.

Officials at Bangladesh Chemical Industries Corporation (BCIC), the state run fertiliser

importer, said suppliers have been reluctant to commit amid uncertainty surrounding maritime traffic through the Strait of Hormuz following the Iran war.

Bangladesh usually sources a large portion of its imported urea from Gulf producers under government-to-government (G2G) arrangements, rather than through open tender.

Floating an international tender for urea is therefore "unusual," said a senior chemical corporation official, adding that the last time Bangladesh resorted to large-scale open bidding was during the Covid pandemic, when global supply chains were severely disrupted.

"The re-tender reflects procurement pressure," the official said, adding that stock levels remain "below a comfortable level" ahead of peak seasonal demand.

Two domestic fertiliser plants, Karnaphuli Fertilizer Company Limited (Kalco) and Shahjalal Fertilizer Company Limited (SFCL), resumed full operations on May 1 after closure due to gas supply concerns.

Md Fazlur Rahman, chairman of the BCIC, said that combined domestic output and existing stocks are projected to raise total urea availability to around 5.5 lakh tonnes by June 30.

While that represents an improvement in urea stocks from earlier months, it still falls short of the 6.65 lakh tonnes estimated for the Aman season, which runs from July to

August and accounts for nearly 40 percent of annual rice output.

Bangladesh requires over 26 lakh tonnes of urea annually, of which around 10 lakh tonnes come from local plants and the remainder is imported, mainly from Saudi Arabia, the United Arab Emirates and Qatar.

The Boro season, which accounts for about 60 percent of annual urea use, usually drives demand to the peak during the November-March period. Officials say fertiliser consignments from the Middle East take up to 180 days from contracting to distribution at the farm level.

So, it is necessary to procure early to avoid supply disruptions. The current delay risks cascading into the next farming cycle if fresh contracts are not secured soon.

Much of the country's imported urea transits through the Strait of Hormuz, a narrow shipping corridor critical to global energy and commodity flows. Since the US-Israel war on Iran on February 28, the strait remains closed and heightened geopolitical tensions across the entire Middle East continue disrupting shipping schedules.

Anwar Faruk, former agriculture secretary, said the global supply situation is quite different due to the war in the Middle East. Therefore, the government's approach to importing fertiliser will have to change.

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## Demand for ADB financing may rise in Bangladesh

Says an official

SOHEL PARVEZ, from Samarkand

The Asian Development Bank (ADB) expects that there will be a "significant growth in demand" from the private sector for its investment services in Bangladesh, a senior official said.

The increased demand is likely as a new government has been in power since February, and things have started to stabilise, said Isabel Chatterton, director general of the Private Sector Operations Department at ADB.

She made the remarks in response to a query at a media briefing on Monday on the sidelines of the four-day ADB Annual Meeting taking place in Samarkand, Uzbekistan.

She said Asia and the Pacific face a multi-trillion-dollar infrastructure financing gap, with rising development needs that public finance alone cannot meet.

"Private capital is essential as development needs far exceed public resources," she said. "Private finance can scale solutions, but policy uncertainty and unmanaged risks still deter investment."

ADB officials said the multilateral bank helps transform high-potential sectors into investable markets. "We crowd in private capital."

Under private sector operations, the total outstanding balances and undisbursed commitments of ADB's private sector transactions in

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## ADB to provide \$1b budget support to Bangladesh

SOHEL PARVEZ, from Samarkand

The Asian Development Bank (ADB) has agreed to provide \$1 billion in budget support to Bangladesh by June to tackle economic challenges stemming from soaring energy prices triggered by the Middle East war situation.

Finance Minister Amir Khosru Mahmud Chowdhury shared the development following a meeting

"They have agreed to provide \$1 billion by June this year. This could potentially increase if needed in the coming days," he told The Daily Star in an interview after the meeting.

Bangladesh earlier sought \$1 billion from the Manila-based lender to shield its economy from global shocks triggered by the US-Israel war on Iran, which led to a spiral in oil prices.

The South Asian country

On Monday, during a session of the Board of Governors at the ADB's annual meeting, Khosru sought expanded support for Bangladesh from the ADB, as geopolitical tensions, inflation, and supply chain disruptions have increased the country's energy-related expenditures by an estimated \$3 billion.

Following his meeting with President Kanda, the finance minister said Bangladesh had



### BUDGET SUPPORT

\$1b to be provided by June

Aims to offset war impact on energy costs

ADB also committed \$1.4b for FY26

### RENEWABLES

ADB shows strong interest in renewable energy sector

### ENERGY CRISIS

Bangladesh relies on imports for 95% of fuel

Energy costs surged by around \$3b amid global shocks

### IMF LOAN Talks underway on releasing two instalments

with ADB President Masato Kanda at the 59th Annual Meeting of the ADB currently being held in Samarkand, Uzbekistan.

Khosru, Economic Relations Division Secretary Md Shahriar Kader Siddiky, and several senior officials are attending the four-day event that began on May 3.

meets 95 percent of its fuel needs through imports, primarily from Gulf countries including Saudi Arabia, the United Arab Emirates, and Qatar.

The war affected supplies as Iran blocked the Strait of Hormuz, through which one-fifth of global oil and a good portion of gas passes.

asked for counter-cyclical support if the war continues. While the issue did not come up in yesterday's discussion, he noted, "It is in our proposal."

Apart from budget support, both sides discussed issues ranging from the BNP-led government's election manifesto

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## Defaulters to be barred from BB's factory reopening fund

MD MEHEDI HASAN

Money launderers, scammers and wilful defaulters will not be eligible for a Tk 20,000 crore refinance fund being prepared by the central bank to restart fully or partially closed factories, according to Bangladesh Bank (BB) officials.

They said only genuine businesses whose factories have shut down due to unavoidable circumstances and which are willing to repay their loans will qualify for loans from the fund.

From the fund, affected factories will receive low-interest working capital loans. In some cases, term loans may also be provided.

BB officials, who are familiar with the matter, told The Daily Star yesterday that the interest rate could be set at 13 percent, with a possible 5 percent subsidy.

The central bank will finalise the policy after it receives approval from the finance ministry on the interest subsidy. The fund will then be launched once all procedures are completed.

On May 1, Prime Minister Tarique Rahman said the government had taken initiatives to gradually reopen closed factories across the country.

He said he had instructed relevant authorities to assess how quickly each factory could be brought back into operation to create employment.

Subsequently, the BB asked commercial banks to submit lists of closed factories to help identify those eligible for financing support.

So far, more than 1,000 fully and partially closed factories and industries have been listed by commercial lenders

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## Banks asked to back rawhide traders before Eid

STAR BUSINESS REPORT

Bangladesh Bank (BB) has instructed all scheduled banks to ensure an adequate flow of working capital loans to rawhide traders ahead of the upcoming Eid-ul-Azha, aiming to support the country's leather sector and prevent wastage of a key export-oriented resource.

The central bank issued a circular in this regard yesterday, stating that the leather industry is a promising sector for Bangladesh, contributing to economic growth, employment generation, foreign exchange earnings, and value addition.

Nearly half of the raw materials used in the industry throughout the year come from the hides of sacrificial animals collected during Eid-ul-Azha, it added.

Given the approaching festival, BB said sufficient financing for traders will play a crucial role in the procurement, preservation, and marketing of rawhides, which are considered a national resource.

To this end, banks have been directed to sanction and disburse working capital loans to eligible traders based on banker-customer relationships and in compliance with existing regulations.

They have also been asked to ensure proper distribution of allocated loans, particularly so that funds reach those engaged in rawhide collection at the grassroots level.

As a relaxation measure, the central bank said that if traders have previously rescheduled loans, banks will not be required to realise the compromised amount against such loans

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