

# Star BUSINESS



## Businesses trapped in bureaucratic gridlock

Say experts at PRI event

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Execution of trade and investment-related policies is often slowed not by a lack of ideas but by poor coordination among government agencies, leaving businesses burdened by bureaucratic delays, according to experts.

While speaking at a roundtable in Dhaka yesterday, they said fragmented policymaking and inconsistent implementation continue to make the country's business environment challenging despite broad agreement on the need for reforms.

The Policy Research Institute of Bangladesh (PRI) organised the programme titled "Trade Policy, Industrial Protection, Investment Impacts and Consumer Welfare".

"A government is a very fragmented system where different agencies often operate with their own interests and priorities, making coordinated reform efforts difficult despite broad agreement on policy changes," said Ashik Chowdhury, executive chairman of Bangladesh Investment Development Authority (Bida).

He said businesses continue to struggle with importing raw materials, clearing goods through ports and navigating multiple layers of bureaucracy, while poor coordination among agencies and operational inefficiencies raise costs for both companies and consumers.

## BAB opposes allowing former owners to reclaim banks

The owners' association tells BB governor that the banking sector is going through one of its most challenging periods

BANKING SECTOR STRESS	GOVERNANCE CONCERNS
<ul style="list-style-type: none"> <li>High NPLs, weak credit growth</li> <li>Rising funding costs, recovery hurdles</li> <li>Falling depositor and investor confidence</li> </ul>	<ul style="list-style-type: none"> <li>Transparency and governance worries</li> <li>Weak banking stock sentiment</li> </ul>
REFORM PROPOSALS	CAPITAL SUPPORT
<ul style="list-style-type: none"> <li>Structured consultation on Bank Resolution Framework sought</li> <li>Concerns over Bank Company Act changes</li> </ul>	<ul style="list-style-type: none"> <li>Relief sought for rescheduled loans</li> <li>Tax cuts and dividend tax waiver proposed</li> <li>Support for Basel III compliance</li> </ul>
RECOVERY MEASURES	
<ul style="list-style-type: none"> <li>Proposal for asset management company for recovering bad loans</li> </ul>	<ul style="list-style-type: none"> <li>Refinance support for key sectors</li> <li>Push for digital finance expansion</li> </ul>

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The Bangladesh Association of Banks (BAB) has called for a reconsideration of certain provisions in the recently enacted Bank Resolution Act, saying that allowing former owners to regain control of troubled lenders through a limited upfront payment could raise concerns over accountability, governance and moral hazard.

The plea was made during a meeting between a BAB delegation led by Chairman Abdul Hai Sarker and Bangladesh Bank Governor Md Mostaqur Rahman at the central bank headquarters in Dhaka yesterday.

The association, which represents bank sponsors and owners, shared this view as the Bank Resolution Act was passed in the House last month. The revised law included provisions allowing former owners to reclaim merged banks under relatively easy terms.

According to the law, former directors or owners of banks under merger or listed for merger can pay 7.5 percent upfront of the amount injected by the government or the BB to regain control. The remaining 92.5 percent is to be repaid within two years at 10 percent simple interest.

While welcoming the government's initiative to establish a structured resolution framework, BAB said the mechanism should ensure a strong "fit and proper" assessment, forensic audits, verification of fund sources and transparent regulatory oversight.

As part of its banking reform initiatives, the interim government approved the Bank Resolution Ordinance 2025. Under it, five crisis hit lenders - First Security Islami Bank, Global Islami Bank, Union Bank, Social Islami Bank and EXIM Bank - were brought under the merger process.

The BB later issued a licence for a new

state-owned entity, Sammilito Islami Bank PLC, in November last year, which is expected to become the country's largest state-owned shariah-based lender.

After the Bangladesh Nationalist Party (BNP) came to power following the national election in February, the ordinance was amended and enacted as the Bank Resolution Act 2026.

Subsequently, five sponsor shareholders and former directors of troubled Social Islami Bank PLC applied to regain control of the shariah-based lender. However, senior BB officials told The Daily Star last week that the request was likely to be rejected as the merger process moves ahead.

Against this backdrop, BAB said international investors, development partners and global financial institutions closely monitor the credibility of financial sector resolution frameworks.

"Any perception of weak accountability may negatively affect investor confidence, depositor sentiment, and international financial perception regarding Bangladesh," the association said.

It added that depositor protection, governance reform, financial discipline,

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Chowdhury added that the government has forwarded dozens of recommendations to the National Board of Revenue (NBR), including proposals for deregulation and a more predictable VAT structure.

The discussion also focused on Bangladesh's long-standing protectionist trade policies and their impact on competitiveness.

Presenting the keynote paper, Zaidi Sattar, chairman of PRI, said tariff protection in Bangladesh has continued for decades without clear time limits or performance conditions.

"The industrial policy that we have is not one that you would like to see in the 21st century," Sattar said, arguing that Bangladesh still follows an outdated "infant industry" protection model long after many sectors have matured.

He said the original purpose of protection was to give industries time to reduce production costs and become globally competitive, but many sectors in Bangladesh continue to rely heavily on tariff support rather than improving efficiency.

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## Garment exporters press for uninterrupted power, customs reforms

BGMEA, BKMEA leaders sit with the premier in separate meetings

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Garment exporters yesterday urged the government to ensure uninterrupted power and energy supply, quick release of export receipts from banks, reopening of closed factories, and easing of customs rules.

Leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) made the demands at a meeting with Prime Minister Tarique Rahman at his secretariat office in Dhaka.

In separate meetings with the two trade bodies, the prime minister listened to the problems and challenges they face in running their businesses.

After the meeting, BGMEA President Mahmud Hasan Khan said they discussed export diversification within the garment sector, reopening of closed factories, and the struggles many factories face for survival.

Regarding factory reopening, Khan said a total of 104 factories have informed the BGMEA about their closure so far. The BGMEA will scrutinise the cases of closed factories to identify the genuine reasons for the shutdowns. Following the scrutiny, the association will send recommendations for reopening those factories, as the government is working to open a Tk 20,000 crore fund to assist in their revival.

BKMEA President Mohammad Hatem said they thanked the prime minister for taking the initiative to defer Bangladesh's

**CONCERNS**  
Delayed export receipts hurting factories  
Banks blamed for many factory closures  
Exporters worried over misuse of bond facility  
They seek easier customs rules

**CLOSURES AND REVIVAL**  
400 factories shut in three years, an industry leader says  
Govt plans Tk 20,000cr revival fund

**LDC SHIFT, LABOUR LAW**  
Exporters welcome bid for LDC graduation deferment  
They praise amendments to labour law



graduation from the least developed country (LDC) category for three more years. The BKMEA also welcomed the government's amendment of the labour law to meet international standards, as demanded by global stakeholders.

Hatem noted that some 400 factories were closed in the last three years, nearly 300 of them due to non-cooperation from banks. He explained that banks release export receipts to exporters' lien accounts, but delays in payment often force loans into default, leaving exporters unable to pay suppliers on time.

He also demanded uninterrupted supply of power and gas to industrial units, as recent

shortages of fuel oil have severely affected productivity. Hatem further raised concerns about the misuse of the bond facility and urged action against violators of bond licences.

Additionally, he called for easing National Board of Revenue (NBR) rules, particularly customs procedures, to smooth export and import processes and reduce lead times. He stressed that complex and time-consuming customs procedures have deterred both domestic and foreign direct investment.

Commerce Minister Khandakar Abdul Muktadir was present in both the meetings.

## Banks cleared to launch 'e-loan' up to Tk 50,000

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The Bangladesh Bank (BB) has allowed scheduled banks to launch fully digital "e-loan" services of up to Tk 50,000, stepping up efforts to widen financial inclusion and support the transformation towards digital transactions.

In a circular issued yesterday, the central bank said customers will be able to take e-loans for up to 12 months through end-to-end digital processes. These will cover customer onboarding, loan approval, disbursement and recovery.

Banks have been instructed to include the term "e-loan" in the service name and ensure that all stages of lending are conducted digitally, without physical documents or branch visits.

The move comes at a time when digital lending services are rapidly expanding globally due to increasing smartphone penetration, internet usage and mobile financial service adoption.

In many countries, banks and fintech firms now offer instant small-ticket loans through banking apps, e-wallets and other digital platforms, expanding access to credit and reducing reliance on informal borrowing.

The BB said the increasing use of digital devices in banking, along with expanded internet and mobile network coverage, has raised demand for digital lending through internet banking, mobile apps, mobile financial services and e-wallets.

"The availability of such services can play a vital role in promoting financial inclusion, familiarising marginal populations with digital financial services, and achieving the vision of a cashless society," the central bank said in the circular.

Banks will be allowed to set market-based interest rates for e-loans. However, the rate cannot exceed 9 percent if they avail themselves of refinancing facilities.

The central bank has instructed lenders to clearly communicate all loan-related information, including annual interest rates, tenure, repayment methods, the disbursement process and any additional charges, before obtaining customer consent.

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Eastern Bank PLC.

**উইমেন'স লোন**

নারীর স্বপ্ন পূরণের যাত্রা আরো স্বচ্ছন্দ্যময় করতে 'ইবিএল উইমেন'স লোন'।

সুবিধাসমূহ:

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- > সর্বোচ্চ ৬০ মাস পর্যন্ত মাসিক কিস্তিতে পরিশোধযোগ্য
- > যে কোন মুহুর্তে আংশিক বা সম্পূর্ণ লোন পরিশোধের সুযোগ
- > আকর্ষণীয় ইন্টারেস্ট রেট

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## BTRC to resume drives against illegal handsets

MAHMUDUL HASAN

The Bangladesh Telecommunication Regulatory Commission (BTRC) has decided to restart joint drives against the marketing, sale and distribution of illegal mobile handsets after more than three years of inactivity.

The decision was taken at a recent commission meeting following a proposal from its Enforcement and Inspection (E&I) Directorate.

Alongside mobile phones, the regulator will also take action against other illegal radio and telecom devices across the country.

The BTRC has long carried out joint operations with law enforcement agencies to curb illegal telecom equipment, including unauthorised mobile phones and wireless devices.

While enforcement against items such as signal jammers, boosters, repeaters and illegal VoIP equipment has continued, action against illegal handset traders has remained suspended since April 2023.

According to BTRC documents, the enforcement activities were paused due to the rollout of the National Equipment Identity Register (NEIR) system and preparations for the 13th national parliamentary election in 2026.

The NEIR system was introduced in 2021 to verify legal mobile devices by linking IMEI numbers with national ID and SIM data. However, key features like blocking illegal handsets were never activated, leaving the system largely inactive.

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