

The banking sector’s dangerous free fall while defaulters thrive



Dr Md Main Uddin
is professor and former chairman of the Department of
Banking and Insurance at the University of Dhaka. He can
be reached at mainuddin@du.ac.bd.

MD MAIN UDDIN

Plagued with a huge amount of non-performing loans (NPLs), capital deficiency, provision shortfall, management inefficiency, and other issues, Bangladesh’s banking sector is indeed in an extremely vulnerable state. At the same time, the sector is discriminatory, too, because rural areas’ capital is systematically transferred to urban areas. A staggering amount of deposits in this sector is supplied by small depositors, but most of these funds go to the hands of the rich.

The NPL ratio dropped to 30.60 percent in December 2025 after peaking at 35.73 percent just three months before. This decline was the result of a relaxed loan rescheduling policy by the Bangladesh Bank, where a defaulted loan could be regularised by repaying only a two-percent down payment of the outstanding loans.

Bangladesh’s NPL ratio was the highest in the world in September 2025. In comparison, Pakistan and India had the NPL ratios of 7.4 percent and 2.3 percent, respectively. Even Sri Lanka maintained it at 12.6 percent despite going through an economic crisis. Ukraine, locked in a prolonged war with Russia, had an NPL ratio of 26.1 percent, while Lebanon, which faced an enduring economic crisis, also maintained a considerably lower NPL ratio of 23.8 percent. In Bangladesh, NPL ratios of some banks were extremely high in 2025, five of which had an NPL ratio of more than 90 percent. Most of these banks cannot be made operationally successful at all.

Under the Basel III guidelines, introduced in 2015 and implemented nationwide by 2019, Bangladeshi banks need to maintain a capital to risk-weighted assets ratio (CRAR) of 12.5 percent. In 2020, the banking industry’s CRAR stood at 11.6 percent. In June 2023, it was 10.64 percent, but it dropped sharply to 6.86 percent in September 2024, then 3.08 percent in December 2024, per the central bank data. Before the political changeover in August 2024, the banks’ risk-weighted assets were highly underreported, which resulted in higher capital ratios. But when the banks started disclosing their true asset quality,



VISUAL: ANWAR SOHEL

the capital ratio fell seriously. In contrast, Pakistan maintained a CRAR of 20.6 percent, India 16.7 percent (as of September 2024), and Sri Lanka 18.4 percent—well above the required.

By 2025, the situation got worse in Bangladesh. By September 2025, 23 banks saw a combined capital shortfall of Tk 2.82 lakh crore, with the top five banks—First Security Islami Bank, Bangladesh Krishi Bank, Union Bank, Islami Bank, and Exim Bank—accumulating around Tk 1.68 lakh crore, 59 percent of the total shortfall. In December 2025, the banking sector’s CRAR fell to negative 2.9 percent, a first in the

country’s history.

The efficiency of a bank can be estimated by the expenditure to income ratio, meaning how much expenditure it incurs to generate certain income. Around 50-60 percent is the standard ratio. In Bangladesh, the banking sector’s expenditure to income ratio was 92 percent in 2005, which declined to 73 percent in 2010 before rising to 84 percent in 2020. Another decline to 80 percent in 2024

Deposits amounting to less than Tk 1 crore found a whopping 92 percent of total deposits. The NPL ratio of small loans is lower than that of large ones. As of September 2025, loans worth up to Tk 1 crore had the NPL ratio of 15.2 percent, and the loans worth Tk 1 crore to Tk 10 crore had the NPL ratio of 27.9 percent. Loans between Tk 10 crore and Tk 20 crore had the NPL ratio of 48.1 percent, and those sized Tk 50 crore or more saw an

To tackle the capital shortfall, especially in state-owned commercial banks, over Tk 25,000 crore has been injected into the ailing banks through budgetary allocation between 2009 and 2024. The ultimate burden of this injection is borne largely by the general taxpayers.

Instead of developing capital, bond, and insurance markets from which businesspersons are supposed to take large and long-term loans, banks are made available to them for large lending. Earlier, a single borrower exposure could not exceed 35 percent of a bank’s total capital. This rule was dangerous because three such borrowers could eat up the bank’s total capital. Now the exposure limit is 25 percent of a bank’s total capital. It is still alarming because a bank could be at serious risk with four such borrowers. The Bangladesh Bank frequently changes loan classification, rescheduling, and restructuring rules when NPLs pile up. These opportunities are mostly to facilitate large borrowers.

It is impossible to establish a robust banking system in the country without shrinking the NPL volume. At the same time, the financial discrimination between rural and urban areas, and also between the rich and the poor, produced by the existing banking system must be reduced to a minimum for fairness. Addressing these problems is not impossible, although they are time-consuming. What is truly required is strong political resolve and good intention.

China, for instance, was seriously hit by the Asian Financial Crisis in 1997, and its NPL ratio rose to 25 percent in 1999. It was reduced to 1.14 percent after just a decade. The list of defaulted borrowers in China contained many political bodies and legislative and government staff, but there was no exception to punishment. Its success was due to political will backed by the right usage of public funds.

The Bank Resolution Act, 2025 in Bangladesh created a mechanism through which previously merged banks can revert to their former owners. The previous shareholders can reacquire control by paying just 7.5 percent of the total funds supplied by the government and the central bank for operating the merged entities. Without punishing the owners allegedly liable for making the banking sector extremely vulnerable, giving such opportunities will expose the sector to more risks. At some point, it may fall apart like a house of cards if timely measures are not employed to strengthen it.

Why are lightning strikes claiming so many farmers’ lives?



Al. Sharia
is a student at Begum Rokeya University.
He can be reached at shariabrun@gmail.com.

AL SHARIA

Scrolling through the morning papers or glancing at our phone screens, there is one recurring piece of news that never fails to break our hearts: the untimely demise of people struck by lightning. When dark clouds gather, they are supposed to bring the promise of rain and a smile to the farmer’s face. Yet those same clouds no longer bring only peaceful showers. Today, they carry a literal death warrant.

Over the past few years, lightning has cemented its place as one of the most terrifying natural disasters in our country. Statistics paint a grim picture. An average of 300 people die from lightning strikes in Bangladesh every year. Over the last decade and a half, that death toll has crossed a staggering 4,500. What is most alarming is that nearly 70 percent of the victims are marginalised farmers and agricultural labourers. Why do those who brave the sun and rain, shedding their sweat to feed our nation, disproportionately fall victim to nature’s wrath? The answer lies in a complex mix of geographical, scientific, and profoundly human-made factors.

There is a simple scientific principle behind lightning. When clouds form, extreme friction occurs between water vapour and ice crystals, generating massive amounts of static electricity. A negative charge builds up at the bottom of the cloud while a positive charge gathers at the top. When this charge becomes too immense, it seeks to discharge towards the earth, always taking the easiest and shortest path. In other words, it

strikes the tallest object in an open space.

Our farmers toil in vast, flat fields. In areas like the haors or beside open marshes, we often cannot see a single tall tree or structure for miles. Standing alone in a massive, empty expanse, the farmer inadvertently becomes the tallest object in the landscape. The immense electrical surge descending from the clouds inevitably finds them. To make matters worse, farmers naturally hold metal tools like sickles, weeders, and hoes. Because metal is highly conductive, the risk of disaster multiplies instantly, allowing the intense electric current to scorch a human body in a fraction of a second.

There used to be a time when the rural landscape of Bangladesh was dotted with tall palm, coconut, and betel nut trees. Planted along the edges of fields, they acted as nature’s own lightning arresters. An unspoken ecological harmony existed in our villages. Lightning would strike the thick, shock-absorbent bark of a palm tree rather than a human being. But driven by greed and a lack of foresight, we have indiscriminately chopped them down to feed the fires of brick kilns or sell them as timber. Vast agricultural lands have been stripped bare of their natural shields. Stripped of this ecological armour, farmers are quite literally working on the edge of death in this season.

The escalating climate crisis has poured fuel on the fire. Global warming is pushing the Earth’s temperature upwards. Environmental scientists warn

that for every one-degree Celsius rise in temperature, lightning strikes can increase by 10 to 12 percent. A warmer atmosphere holds more moisture, leading to more aggressive cloud friction and consequently much stronger and more frequent lightning. While those of us in the cities can simply take cover under concrete roofs when the skies turn violent, the farmers labouring in the open have nowhere to hide.

A cruel coincidence of weather and agricultural cycles also plays a fatal role. In Bangladesh, the intensity of Nor’westers and lightning peaks between April and June. The horror of this season is glaringly evident in recent numbers. By early May 2026, lightning had already claimed at least 72 lives across the country. On May 6 alone, eight people died across six districts. Just weeks prior, late April saw 14 farmers and labourers killed in a single day while harvesting paddy.

This is the exact time when the Boro paddy harvest is in full swing across the vast haors of Sunamganj, Netrokona, Kishoreganj and other agricultural hubs. Farmers become desperate to bring home the crop they have nurtured all year. Even when black clouds loom, they refuse to abandon the fields, risking their lives to save the harvest from sudden flash floods. The sheer desperation of poverty and the deep love for their crops force them to stay in the open. When the sole breadwinner of the family dies in a flash of lightning, the entire household is pushed to the brink of starvation, and the entire nation loses a food producer.

From a disaster science and management perspective, tackling this crisis requires a holistic approach blending structural and non-structural preparedness. Non-structural steps involve raising community awareness and empowering local youth to disseminate life-saving knowledge. Farmers need to understand that a darkening sky and distant thunder

are immediate cues to seek safety. Structurally, we need a coordinated effort between the government, local socio-environmental organisations and NGOs. When thousands of labourers migrate to the haor regions for the harvest, emergency first aid camps must be established. An injured lightning strike victim can often be saved if CPR is performed timely.

The Bangladesh government officially declared lightning a national disaster in 2016. While a commendable step, effective implementation at the grassroots level remains painfully slow. If the farmer survives, the country survives. Our entire economy and existence lean on their shoulders.

Therefore, it is high time we take rapid, science-backed action.

First, we must aggressively plant palm and other tall trees around agricultural lands and enact strict laws to protect them. Tree-planting initiatives must move beyond government ledgers and take root in reality. Second, it is imperative to build concrete shelters at regular intervals across the haors and vast agricultural zones, giving farmers a safe haven for when the sky turns hostile.

Finally, we must leverage modern technology. Projects to install lightning arresters in open fields should be fast-tracked. Simultaneously, early warning SMS

alerts must be sent to farmers’ mobile phones. Local information centres, volunteer groups, and even mosque loudspeakers can be utilised to broadcast immediate storm alerts.

Above all, we need a massive wave of public awareness. Survival tactics against lightning should be included in school textbooks and broadcast regularly across all media. We must convince our farmers that no crop is more valuable than their lives. A blend of awareness, ecological care, and the right technology can save our food growers from these premature deaths. Ensuring the safety of our farmers is not just a demand of the times but our collective moral obligation.



সতর্কীকরণ বিজ্ঞপ্তি

বাংলাদেশ রেলওয়ে

সম্মানিত যাত্রীগণের অবগতির জন্য জানানো যাচ্ছে যে, ঈদ-উল-আযহা’ ২০২৬ উপলক্ষ্যে আগামী ১৩.০৫.২০২৬ হতে ১৭.০৫.২০২৬ পর্যন্ত ঈদ যাত্রার অগ্রিম টিকিট এবং ২১.০৫.২০২৬ হতে ২৫.০৫.২০২৬ পর্যন্ত ঈদ যাত্রার ফেরত টিকিট শতভাগ অনলাইনে বাংলাদেশ রেলওয়ের অনলাইন ওয়েবসাইট (www.eticket.railway.gov.bd) ও রেলওয়ের এ্যাপস (Rail Sheba) এর মাধ্যমে বিক্রয় করা হবে।

এক্ষেত্রে অন্য কোন ব্যক্তি বা প্রতিষ্ঠানের আইডি/ফেইসবুক পেইজ হতে টিকিট ক্রয়/বিক্রয় হতে বিরত থাকুন। তাছাড়া ভ্রমনেচ্ছুক সম্মানিত যাত্রীদের বাংলাদেশ রেলওয়ের অনলাইন ওয়েবসাইট ও রেলওয়ের এ্যাপস ব্যতিত অন্য কোন ব্যক্তি বা প্রতিষ্ঠান হতে টিকিট ক্রয়/বিক্রয়ের ক্ষেত্রে কোন আর্থিক লেন-দেন না করার জন্য অনুরোধ করা হলো। অন্যথায় আপনি প্রতারিত হবেন।

অনুরোধক্রমে

রেলওয়ে কর্তৃপক্ষ।

GD-1102