Movement to continue in House and on the streets

Warns Jamaat ameer if 16 ordinances remain shelved

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Jamaat-e-Islami Ameer and Opposition Leader Shafiqur Rahman yesterday said the party's movement would continue both in parliament and on the streets against what he termed "the government's deception and betrayal".

Addressing a divisional rally of the Jamaat-led 11-party alliance at the Madrasa Field in Rajshahi city as the chief guest, he said, "The 16 ordinances, without the implementation of which good governance in Bangladesh cannot be ensured, have been shelved. If those are not implemented, I promise you that our movement will continue in parliament and simultaneously on the streets.

"Through sacrifice and struggle, Allah has removed the fascist rule from our chests. Political change came through a mass movement led by the youth, and the current rulers are

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PHOTO: MEHEDI HASAN

Fifteen-month-old Rafa from Narayanganj sleeps while receiving treatment at the DNCC Covid Dedicated Hospital in Mohakhali. After suffering from measles for five days, she was admitted to the hospital yesterday. Doctors say the recent surge in measles cases across the country has led to a growing influx of children from outside Dhaka seeking treatment at the hospital.

Two held, two more sued over rape of minors in 4 dists

STAR REPORT

The body of a 10-year-old girl was recovered from her residence in Munshiganj's Sirajdikhan upazila yesterday.

The child, identified as Achia Akhter, was the daughter of Anwar Hossain, an expatriate worker. Police suspect she was murdered after being raped by one of her relatives.

Family members found the child lying unconscious on a bed inside the house yesterday afternoon. On information, police rushed to the house and recovered the body, said Abdul Hannan, officer-in-charge of Sirajdikhan Police Station.

"It is initially suspected that the child was strangled to death after rape. The body has been sent to the Munshiganj General Hospital morgue for an autopsy."

The victim's mother filed a murder case last night, after which the victim's relative and prime suspect, Raja Mia, 35, was detained, said the police officer, adding that the detainee confessed to killing the girl during primary interrogation.

Meanwhile, in Jashore, a man was arrested early yesterday on charges of raping a mentally challenged minor, who later gave birth to a baby. The arrestee, Abdur Rahman, 60, is a resident of Jhikorgacha upazila in the district.

The victim's father said he first noticed unusual physical changes in his daughter around seven months ago. He later filed a complaint with Jhikorgacha Police Station, after which the accused went into hiding.

On March 18, the girl gave birth through a C-section, and her father submitted another written complaint. Later, police arrested the accused from a house in Jashore town, said Shahjalal Alam, officer-in-charge of Sharsha Police Station.

In Faridpur, a man was sued over the rape a third-grader on Wednesday.

The accused, Jihad Khan, 30, of Faridpur Sadar upazila, is the father of two.

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Govt mulls changing bank merger clause

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Discussions regarding the $500 million budget support loan are still ongoing. Negotiations for the remaining $1.2 billion are nearly complete, and finance ministry officials expect World Bank board approval by June.

BANKING DISPUTE

The issue dates back to May 2025, when the interim government merged five troubled Shariah-based private banks into a state-run entity, Sommilito Islami Bank, under the Bank Resolution Ordinance. The five banks are First Security Islami Bank, Social Islami Bank, Union Bank, Global Islami Bank, and Exim Bank.

But when the current government passed the Bank Resolution Act, 2026, it included section 18 (Ka), enabling former owners to regain control under easy terms, sparking widespread criticism.

The government defends the clause, saying it lacks fiscal capacity to rescue distressed banks with budgetary funds.

Opposition lawmakers, economists, Transparency International Bangladesh and other anti-graft groups, and the Bangladesh Association of Banks demanded its repeal. They say the provision risks rewarding those linked to past financial mismanagement rather than ensuring accountability for scams.

The WB and IMF also recommended scrapping the section as part of their reform conditions for loans.

A central bank official, speaking on condition of anonymity, told this newspaper that the government remains in a dilemma amid mounting criticism.

A finance ministry official, who also requested anonymity, indicated repeal or amendment of the law is now under consideration to ensure that the previous owners cannot reclaim banks.

Draft rules based on the act have been prepared, but their fate will depend on the government's final decision on the law.

REVENUE REFORMS

Beyond banking, the WB has insisted on separating NBR's policy and implementation functions.

Officials admitted a previous ordinance by the interim government to do so was overly ambitious and never executed.

The current administration has now agreed to pursue separation, and the WB has no objection.

Several VAT law amendments are also part of the loan conditions.

BANKING OVERHAUL

Following conditions under the $400 million Financial Sector Support Programme, the government plans to amend the Bank Company Act.

The WB has advised stricter enforcement of related-party lending rules, full supervisory powers for Bangladesh Bank, and corporate governance aligned with international norms.

Officials said relevant draft amendments prepared during the interim government were shelved due to opposition from bank owners. The Financial Institutions Division has now sent them back to Bangladesh Bank for review and consultation.

Other reforms include amending the Deposit Protection Act, enacting laws on distressed asset management and insolvency, and licensing small companies to recover bad loans under Bangladesh Bank's regulation.

Two new laws, the Distressed Asset Management Act (DAMA) and the Insolvency and Bankruptcy Act, will be enacted.

Under DAMA, small companies will be licensed to recover bad loans with legal authority similar to banks, regulated by Bangladesh Bank.

The law will establish a framework for recovery, management, securitisation, and trading of defaulted and non-performing loans.

The World Bank Group's International Finance Corporation will provide technical support.

The Insolvency and Bankruptcy Act will align with international best practices to strengthen insolvent banks and financial institutions.

State-owned banks will also undergo asset quality reviews (AQR). The interim government conducted AQR in nine private banks, after which five were merged into Sommilito Islami Bank.

'WEAK, INEFFICIENT' SECTOR

According to the WB's programme documents, Bangladesh's banking sector assets stood at $212.2 billion, or 88 percent of total financial sector assets and 50 percent of the GDP, at the end of June 2024.

The sector comprises 62 scheduled banks under the Bangladesh Bank Order and five unscheduled banks established under separate acts.

The documents noted structural weaknesses, including poor corporate governance, regulatory capture, and politically influenced related-party lending.

Loopholes in definitions allowed complex inter-family relationships to obscure the scale of related-party lending, leading to fraudulent and willful defaults, and embezzlement by banks' shareholders and management.

"A few big business groups siphoned off billions of dollars from the banking sector. In addition, the lack of proper enforcement and regulatory forbearance has exacerbated the problems, encouraging risky behavior, impacting market discipline, and delaying necessary reforms," said the WB.

State-owned banks are the most vulnerable, holding 27 percent of total assets, over $50 billion or 12 percent of GDP. Three state-owned commercial banks are systemically important.

In this context, the Financial Sector Support Project II is seen as critical for stabilising the sector. It aims to strengthen deposit protection, improve supervisory capacity, and support resolution and restructuring, including reforms of state-owned banks.

"These interventions will address longstanding issues, improve authorities' preparedness for and management of the current banking sector turmoil, paving the way for resolution and restructuring of weaker banks including possible recapitalization of the reformed SOBs," said the WB.

The programme is expected to restore stability, strengthen intermediation, and support long-term growth.

Premier Bank officials

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Yesterday, the 26 businesses raised the issue at a press conference. Some of them have recently been named in cases filed by the bank to recover the funds.

The BFIU report detailed the anomalies. For instance, Total Fashion reported imports worth $195 million against exports of only $47.9 million, although rules stipulate imports for export purposes cannot exceed 90 percent of export earnings.

Despite importing raw materials from abroad, 97 percent of its back-to-back LCs were settled locally.

Total Fashion's LC limit was Tk 59 crore, but liabilities reached Tk 345 crore.

A back-to-back LC is a secondary LC opened by an exporter against an export order from a foreign buyer. Using the export LC as a guarantee, manufacturers obtain bank financing to buy raw materials for production.

The inspection team described the transactions as unusual and suspicious, questioning whether any real exports took place.

Similarly, Dowas Land Apparels Ltd had a loan limit of Tk 72.7 crore approved by the bank's board in October 2022, but by August 2023 its liabilities stood at Tk 269.96 crore, including unauthorised excess loans of Tk 197.26 crore.

Such lending beyond limits created the Tk 3,081 crore liabilities across 43 companies at the branch, according to the findings.

BANK OFFICIALS BLAMED

At the Economic Reporters' Forum yesterday, the 26 exporters alleged collusion between officials of the bank's local branch and head office.

The exporters are members of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

They claimed the bank officials forged IDs and contracts, settled liabilities through unauthorised foreign currency transactions, and imposed "forced loans" and "demand loans" without notice.

They said export documents were purchased at inflated exchange rates to settle fraudulent liabilities.

Among the firms are RAZ Apparels, United Knitwear, West Apparels, Doyas Land, Avanti Color Tex, Crony Apparels, Prominent Apparels, and Amana Tex.

The group demanded that the government and the Bangladesh Bank arrange a comprehensive financial audit and an impartial, high-level investigation into the irregularities by a reputed audit firm in the country.

They also called for reconciliation of accounts, and measures to keep factories running to protect 25,000 jobs.

They alleged the anomalies were carried out with the help of then branch manager Md Shahid Hasan Mallik, who later lost his job.

Mohammad Hatem, president of BKMEA, told The Daily Star, "Many of our member factory owners were not aware of these loans. How were such huge amounts created in their names? Didn't the head office know? Of course it did. And what was Bangladesh Bank doing at the time?

"Some company owners may have known but signed under compulsion. We are still not being provided with proper accounts showing the actual liabilities. That is why we are demanding an independent investigation."

Arief Hossain Khan, executive director and spokesperson of Bangladesh Bank, said, "There is no doubt that fraud has taken place here. However, it needs to be examined whether the fraud was committed by the bank or whether the customers are now denying the loans after taking them."

He called the case an alarming signal for the banking sector.

A senior Premier Bank official, seeking anonymity, said audits by six firms are underway and have identified Tk 4,000 crore in questionable liabilities.

The central bank has asked for detailed information on the 26 factories; five clients' data have been submitted, with the rest pending.

Premier Bank officials admitted the Narayanganj branch has become a major burden, with Tk 4,900 crore of its Tk 5,700 crore loan portfolio now defaulted.

The bank's board, long dominated by former Awami League lawmaker HBM Iqbal and his family, stepped down in January 2025 after 26 years.

The central bank reconstituted the board in August 2025, appointing Arifur Rahman as chairman.

Arifur told The Daily Star, "As our audit found these liabilities in the names of the factory owners, we have filed cases against them accordingly. The documents bear the signatures of these garment owners, so we are claiming the funds from them.

"However, an independent audit may be conducted to determine whether there were any other fraudulent activities involved."

He added that details would be shared after completion of the audit.

Businesses ask for fear-free tax regime

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concerns over whether tax revenues are being spent transparently, said Syed Nasim Manzur, managing director of Apex Footwear.

"Unfortunately, we are living under a kind of 'tax terrorism'. We are extremely fearful that if we come under scrutiny, the same people will be forced to pay even more taxes. This culture of fear has to be broken," he said at a pre-budget policy dialogue organised by the Power and Participation Research Centre.

Compliant taxpayers should receive benefits, while tax evaders should face punishment under the law.

He urged policymakers to focus on expanding the tax base rather than repeatedly taxing the same businesses.

"The large multinational companies and major large taxpayers' unit (LTU) members are essentially where the tax base remains concentrated -- the base must become bigger, not just the net," he added.

Simeen Rahman, chief executive officer of Transcom Group, echoed the same and urged the National Board of Revenue to ensure compliance with value-added tax and supplementary duty.

"How many people are actually paying VAT? Whether you call it supplementary duty or VAT, how many are truly paying it? Where is the monitoring and vigilance? This is where the leakage in revenue occurs. And because of those non-compliant firms, we are becoming non-competitive."

The NBR is treating the soft drinks industry the same way as tobacco, she said, adding that the industry is saddled with high supplementary duty and customs duty.

She cited the sugar tax suggested by the World Health Organisation to discourage sugar intake and recommended that the NBR examines the measures adopted by various countries.

While presenting the keynote, Hossain Zillur Rahman, executive chairman of the PPRC, said Bangladesh's revenue system is facing a "triple challenge" of revenue underperformance, tax evasion and harassment of taxpayers.

"Revenue collection has persistently remained below target. At the same time, evasion has become a systemic issue, while harassment remains an everyday reality for both the private sector and ordinary citizens."

Low revenue mobilisation stems from several structural weaknesses, including the failure to expand the tax base, the political economy of tax exemptions and preferential treatment, and the dominance of ad hoc enforcement practices.

"The already narrow tax base is being eroded further by exemptions and preferential treatments," he said.

Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh, described the tax system as "primitive" and in need of radical reform.

He pointed to a narrow tax base, heavy reliance on trade taxes and widespread revenue leakage.

"We are in the era of artificial intelligence, but still running a manual tax system."

High trade taxes are undermining economic activities and export competitiveness under a restrictive regime, he added.

Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue, warned that Bangladesh is edging toward a "debt trap" due to a growing mismatch between revenue and expenditure.

"We are not generating revenue in line with our expenditure needs," he said, citing rising reliance on borrowing.

He cautioned that weak compliance and revenue gaps also heighten the risk of a "middle-income trap".

The upcoming budget would indicate whether the government is politically accountable through changes in the tax structure, said Rashed Al Mahmud Titumir, the prime minister's adviser on finance and planning.

"Domestic resource mobilisation would be increased, whether through taxes or non-tax revenue, but without raising rates."

Criticising what he called a patronage-driven system, he said tax exemptions through statutory regulatory orders (SROs) reflect a deeper structural problem.

"The entire system revolves around SRO trade... This is the core disease," he said.

Meanwhile, NBR Chairman Md Abdur Rahman Khan said incentives will be introduced through income tax measures to support renewable energy and environmental protection, with an eye on carbon trading opportunities.

Taxpayer harassment can only be eliminated by making the system fully faceless, allowing compliance from home, a system, he said, is already in place.

He also acknowledged refund delays, saying VAT refunds have begun and income tax refunds will start from July 1, with a shift away from the minimum tax regime.

Trump has hit a wall with Iran

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inclination to soften his harsh diplomatic approach toward Iran's leaders.

That does not bode well for a quick negotiated settlement, fuelling fears that the current standoff -- and its unprecedented shock to world energy supplies -- could drag on indefinitely with periodic bouts of brinkmanship.

Among the main obstacles, analysts say, is the Iranian rulers' mindset, including their need to save face with their own domestic audience, despite US-Israeli strikes having killed many top leaders and heavily degraded the Islamic Republic's military capabilities.

Though Iran has essentially maintained a chokehold on the vital Strait of Hormuz, giving it considerable leverage, Trump has persisted with a diplomatic playbook characterised by maximalist demands, unpredictability, mixed signals and scathing language.

Even more significant, analysts say, is Trump's insistence on emerging from the conflict framing it as an absolute victory for the US -- even if this doesn't match the reality on the ground - while the Iranians must accept total defeat, which they are not likely to do.

The continuing impasse with Iran comes as Trump faces domestic pressure over high US gasoline prices and his own low approval ratings after he embarked on an unpopular war ahead of November's midterm elections. His Republican Party is struggling to maintain control of Congress.

During the course of the war, Trump has often made explosive statements and threats, including wiping out Iran's civilisation and signalling the use of nuclear weapons.

Trump, a former New York real estate developer who touts himself as a master deal maker, has long insisted that being unpredictable is a negotiating tactic aimed at keeping opponents off-balance.

This approach has helped him gain concessions in some cases when he has sought tariff agreements with trading partners, though he has often settled for less than his initial demands. In some conflicts, such as the swift US military campaign against Venezuela that led to the capture of its leader and last year's talks that secured a ceasefire in the Gaza war, his pressure tactics have also yielded results.

With the Iranians, Trump wants to look dangerous to intimidate them into giving ground over their nuclear program and other issues, analysts say.

But former US officials who have negotiated with Iran say this is not likely to work, especially given the entrenchment of its clerical and military establishments and the country's pride in its long history.

In fact, Trump's threats may have emboldened Iran's new rulers, considered more hardline than their slain predecessors, who have even less trust for him following US attacks twice in the past year while the two sides were still in negotiations, analysts say.

"The lack of strategic patience and inconsistency of the president's rhetoric undercuts whatever message he wants to send," said Dennis Ross, a former senior Middle East adviser in Democratic and Republican administrations.

And some experts believe Trump's approach, which he has said is primarily aimed at ensuring Iran has no path to a nuclear weapon, could backfire.

The US military campaign coupled with Trump's coercive diplomacy, might make Iran more, rather than less, likely to ramp up efforts to eventually develop a nuclear bomb so that it might shield itself like nuclear armed North Korea, analysts say. Iran has long insisted on its right to enrich uranium but says it is only for peaceful purposes.

Adding to the tensions, Trump and the Iranians appear to be operating on different clocks - the impulsive president typically wants a quick deal so he can move on, while Iranian delegations have a history of dragging out talks.

Trita Parsi, executive vice president of the Quincy Institute for Responsible Statecraft in Washington, said leaders in Tehran may be interpreting Trump's erratic approach as a sign of desperation and believe they can wait him out.

"In some ways, Trump plays right into their hands," he said.