Star BUSINESS

ADB flags Bangladesh debt pressures before LDC graduation

STAR BUSINESS REPORT

Bangladesh's public debt rose to around 41 percent of gross domestic product (GDP) in fiscal year 2024-25, with rising domestic borrowing and weak revenue mobilisation increasing fiscal pressure ahead of the country's graduation from least developed country (LDC) status in 2026, the Asian Development Bank (ADB) said.

In a report titled Bangladesh at a Crossroads of Reforms, released earlier this month, the Manila-based lender said Bangladesh faces a moderate risk of both external and overall debt distress, with limited capacity to absorb shocks in the near term.

The ADB said the risks stem from structural weaknesses rather than a sharp deterioration in headline debt indicators.

Bangladesh's tax-to-GDP ratio remains among the lowest among lower-middle-income economies, while persistent weaknesses in fiscal governance, public expenditure management and debt administration continue to undermine economic stability, the report said.

The lender warned that Bangladesh's graduation from LDC status in November 2026 would gradually reduce access to concessional financing and trade support measures, increasing the need for stronger domestic revenue mobilisation and improved fiscal governance.

Domestic debt accounted for 55.6 percent of the country's public and publicly guaranteed debt stock in

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Banks below Tk 2,000cr capital barred from cash dividends

New BB rules leave BRAC Bank as the only listed lender effectively eligible

AHSAN HABIB

Only one bank will be able to pay cash dividends next year after the Bangladesh Bank barred lenders with paid-up capital below Tk 2,000 crore from making such payouts.

In a circular issued yesterday, the Bangladesh Bank (BB) said the move is aimed at strengthening the capital base of the banking sector. It also seeks to improve the ability of commercial lenders to absorb future risks amid a challenging global and domestic financial environment.

Only BRAC Bank and National Bank PLC (NBL) meet the higher paid-up capital threshold among listed lenders.

However, National Bank remains in significant losses, leaving BRAC Bank as the only institution effectively positioned to meet the requirement for cash dividend payments.

Even for banks that meet the paid-up capital threshold, the central bank has capped cash dividends at 50 percent of the declared payout, with the remainder to be issued as stock dividends.

The new rules will take effect from dividend declarations for the year ending December 31, 2026 and onwards, according to the Supervision Policy and Coordination Department of Bangladesh Bank.

LISTED BANKS WITH HIGHEST PAID-UP CAPITAL

Bank name	Paid-up capital
National Bank	Tk 3,219cr
Brac Bank	Tk 2,289cr
City Bank	Tk 1,749cr
EBL	Tk 1,643cr
Islami Bank	Tk 1,609cr
United Commercial Bank	Tk 1,550cr
Pubali Bank	Tk 1,496cr
Bank Asia	Tk 1,391cr
Southeast Bank	Tk 1,373cr
Prime Bank	Tk 1,218cr

Source: DSE

The policy is expected to affect most listed banks, raising concerns among market participants about shareholder returns.

While the measure may improve the resilience of the banking sector in the long run, it is likely to reduce flexibility for banks that are otherwise financially stable.

Mashrur Arefin, chairman of the Association of Bankers, Bangladesh (ABB), the apex body of the country's commercial bank executives, said, "This is a good move towards strengthening the capital base of the banks."

He said a few banks with weak capital bases did take cash out in the past. But the shareholders of healthy banks will now suffer. "That's not good."

The ABB chairman said the dividend rule should instead

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Ctg chamber holds election after 13 years amid boycott

STAFF CORRESPONDENT, *Ctg*

The United Business Forum panel has won all 24 director posts in the long-awaited biennial election of the Chittagong Chamber of Commerce and Industry (CCCI), held yesterday amid a boycott by the only rival Sammilito Byaboshayee Parishad panel.

The election for the CCCI Board 2025-2027 was held after being postponed three times and following legal disputes, including a series of writs and counter-writs filed by business leaders.

The United Business Forum was led by Mohammad Amirul Haque, founding chairman of Seacom Group.

In yesterday's election, voters elected 18 directors in two categories -- 12 from the Ordinary Member Group and 6 from the Associate Member Group.

The remaining six director candidates from the Town Association and Trade Group categories, including Mohammad Amirul Haque, were already elected uncontested as no other candidates were in the race.

CCCI Election Board Chairman Monowara Begum told The Daily Star that the vote was held in a fair and festive atmosphere, with a

Businesspeople cast their votes in the long-awaited biennial election of the Chittagong Chamber of Commerce and Industry at the World Trade Centre in the port city yesterday. PHOTO: RAJIB RAIHAN

turnout of 46.06 percent in the Ordinary Group and 31.98 percent in the Associate Group.

According to CCCI sources, 1,843 of 4,001 Ordinary Group voters and 882 of 2,764 Associate Group voters cast their ballots.

On Friday, a day before the election, the Sammilito Byaboshayee Parishad announced a boycott, calling the election process illegal.

The election for the presidium posts will be held soon, when the 24 elected directors will choose the president, senior vice president and vice president.

ELECTION DELAYED AMID LEGAL DISPUTES

The last direct voting in the chamber election took place in 2013, when the MA Latif-backed Mahbubul Alam-Nurun Newaj Parishad panel won 20 director posts. Since then, the CCCI executive board has been elected uncontested for five consecutive terms until 2023.

Following the political change on August 5, 2024, the CCCI president and all 23 other directors resigned on September 2 amid business

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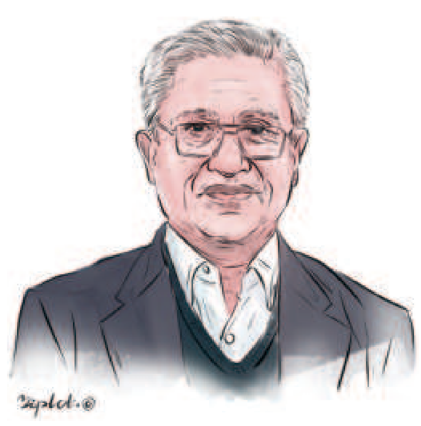

Stimulus in a supply-constrained economy

ZAHID HUSSAIN

The newly announced Tk 60,000 crore stimulus package by the Bangladesh Bank comes with ambitious goals: reviving closed industries, supporting Cottage, Micro, Small and Medium Enterprises (CMSMEs), expanding agriculture and rural activity, diversifying exports, and creating more than 2.5 million jobs. The presentation accompanying the package portrays a broad-based recovery effort at a time of slowing growth, weak investment sentiment and growing pressure on the private sector.

The intent is understandable. With growth slowing, industrial activity weakening and financial stress rising, pressure for policy intervention is increasing.

But good intentions do not automatically produce good outcomes. The more important question is whether the package addresses the binding constraints of the economy or whether it risks adding pressure to an already fragile macroeconomic environment.

The package is framed as a countercyclical intervention. That logic works best when an economy is suffering from weak demand, low inflation, and temporarily idle productive capacity. Bangladesh today faces a more difficult combination: growth is slowing while inflation remains elevated and persistent.

In such conditions, additional stimulus does not automatically translate into higher output. If supply cannot respond, it may raise prices faster than production.

That concern matters because

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