The Daily Star
FOUNDER EDITOR: LATE S. M. ALI

Islami Bank musn't be a battleground

Partisan politics should not decide a bank's functioning

The ongoing turmoil at the Islami Bank Bangladesh PLC (IBBL) is both regrettable and deeply concerning. The recent acknowledgement by the bank's acting managing director that the country's largest Shariah-based bank is facing significant withdrawal pressure should be treated with the utmost seriousness. It calls for decisive measures to counter rumour-mongering and prevent the bank from becoming a tool for political score-settling.

Reports indicate that IBBL lost Tk 4,240 crore in deposits within seven days following protests against the central bank's appointment of Md Khurshid Alam as IBBL chairman. According to some reports, the demonstrations, organised under the banner of Conscious Customers' Forum, have received support from Jamaat-e-Islami. In a statement issued on June 1, Jamaat Secretary-General Mia Golam Porwar expressed solidarity with the protesters and demanded the cancellation of the appointment. On June 3, Jamaat Ameer Dr Shafiqur Rahman also stated that opposition leaders and activists were prepared to mobilise to "rescue" the bank. These highly charged statements from the party are both notable and intriguing.

Meanwhile, a section of the bank's employees reportedly joined the protests by observing brief work stoppages. Such actions are highly unusual as employees have no role under the existing laws in the appointment of a company's board members or senior management.

Indeed, questions can be raised about the adequacy of the central bank's due diligence in selecting the chairman, whose spouse has a record of loan default. However, portraying the appointment of a former deputy governor from the Awami League era as a politically motivated move by the BNP government appears to be a considerable stretch. Nevertheless, the confusion surrounding the issue is partly of BNP's own making. The party introduced an unpopular amendment to the Bank Resolution Ordinance, originally enacted by the interim government. Critics feared that the amendment could allow former directors—including controversial businessman S Alam and his associates, who stand accused of plundering depositors' funds—to regain influence over the bank. BNP's subsequent promise to amend the law again and close the perceived loophole has done little to dispel those concerns.

For decades, politics—and particularly partisan allegiance—has played an outsized role in Bangladesh's banking sector, often taking precedence over sound commercial considerations. The arbitrary granting of banking licences, politically driven takeovers, and reckless lending decisions have inflicted lasting damage on the economy. As a result, many banks continue to struggle with severe financial and governance crises. According to government estimates, approximately $234 billion was syphoned out of the country during the tenure of the previous Awami League government.

It is therefore imperative for both the government and all political parties to delink partisan politics from the banking sector and allow commercial banks to operate on financial prudence, transparency, and strict compliance with laws and regulations. While the government must provide greater clarity regarding its banking reform agenda, opposition parties should refrain from supporting any actions or groups that disrupt the normal operations of financial institutions. Restoring public confidence in the banking system is a delicate task, and there can be no room for further missteps, as have been seen already.

Let nature reclaim its space

Govt should protect the regenerated forest in Mirsharai

It is a pleasant surprise to know that part of a forest in Chattogram's Mirsharai, which was cleared to make way for the country's largest economic zone, has regenerated on its own. According to a *Prothom Alo* report, more than a decade after the launch of the National Special Economic Zone (NSEZ), a large portion of the land set aside for industrial development remains unused. On 4,104 acres of that land, nature has quietly reclaimed its space. From the stumps of felled trees and seeds dispersed across the area, a new forest has emerged. Species such as gewa, keora, and hargoja have grown there, creating a habitat for deer, snakes, and other wildlife, as well as a refuge for rare marine and waterbirds.

To establish the economic zone, around 13.5 lakh trees were reportedly cut down. But only a small portion of the allocated land has been developed. According to Bangladesh Economic Zones Authority (BEZA), factories are being built on just 600 acres, even though 4,800 acres have been allotted to investors. Large stretches have remained idle for years, allowing vegetation to regenerate naturally. According to the Forest Department, more than 22,000 acres of the area were once under consideration for reserved forest status before being transferred to BEZA. The department is now seeking the return of the 4,104 acres where forest cover remains. Their request deserves serious consideration.

Reports of hundreds of deer inhabiting the area, alongside other wildlife and coastal vegetation, suggest that a functioning ecosystem has taken root. Experts say this forest could help absorb carbon emissions generated by the economic zone, while also serving as a natural shield against cyclones and storm surges in the coastal region.

However, returning the land to the Forest Department alone will not guarantee its protection. Preserving a forest requires effective management, strong monitoring, transparency, and accountability mechanisms. More importantly, our development plans should identify and protect ecologically important areas by default, rather than forcing authorities to decide years later whether a regenerated forest should be preserved. Authorities must also explain why so many trees were felled on a land that then remained unused for years. Nature has already delivered its verdict on this land. The government must now do what is necessary to protect it.

THIS DAY IN HISTORY

Italy enters World War II

On this day in 1940, Italy, under the rule of Benito Mussolini, declared war against France and Great Britain, entering World War II.

Capital market must not remain an untapped growth engine

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M KABIR HASSAN

Bangladesh's capital market remains one of the weakest components in its financial architecture. After independence, formal trading on the Dhaka Stock Exchange (DSE) started in 1976. Five decades on, it has funded only a tiny fraction of national investment. A recent *Bonik Barta* report stated that, as of March 2026, the total issued capital on the country's capital market stood at Tk 103,258 crore, compared to the gross fixed capital formation (GFCF) of a little over $138 billion. This means market capitalisation stands at just 6.22 percent of GDP. In practical terms, the stock market has funded barely six percent of the country's investment needs.

This is not simply a stock market problem but a structural financing failure. Successful Asian economies have capital markets that serve as second engines of long-term finance through equity, corporate bonds, mutual funds, and securitised instruments. In Bangladesh, that engine remains stalled. Banks have become the default financier of almost everything, including long-term industrial projects far better suited to equity or bond markets.

As a result, there is a dangerous maturity mismatch between short- and medium-term deposits collected by banks and term loans provided for projects that may take 10-15 years to generate stable returns. Per the Bangladesh Bank data, industrial credit stood at Tk 764,117 crore in December 2025. Tk 423,587 crore of that credit was extended in term loans—more than seven times the amount raised through equity over the last five decades. When these projects fail or rates rise, the stress falls directly on bank balance sheets.

Further evidence of the cost of this imbalance can be seen in the banking sector's non-performing loan (NPL) crisis. The total defaulted loans stood at just over Tk 544,831 crore in December 2025. A recent column in *The Daily Star* reveals that the reported NPL ratio dropped to 30.60 percent in December 2025 from 35.73 percent in September 2025 largely because of relaxed rescheduling rather than genuine recovery. This indicates delayed financial fragility, not health.

An equally important factor is that a deeper capital market would reduce pressure on the banking system. Equity financing carries no scheduled repayment obligations for debtors. Corporate bonds can match project maturities. Sukuk can mobilise Shariah-compliant savings for productive investments. A balanced mix of bank loans, equity, and bonds will lower capital costs,

VISUAL: SALMAN SAKIB SHAHRYAR

distribute risk, and lessen the systemic burden placed upon banks. A serious policy consideration may be a 60-40 financing split between banks and capital markets for large-scale projects.

With the announcement of the next national budget around the corner and with a newly constituted Bangladesh Securities and Exchange Commission (BSEC) in place, there is an opportunity to set an agenda for expanding market capitalisation.

Why has the market failed to mature?

There are several reasons behind that. First, investor confidence has collapsed. Companies that offered more than Tk 11,000 crore through initial public offers (IPOs) over the past 15 years included some who later became distressed, misused proceeds, or faced allegations of price manipulation. When investors believe insider shareholders are able to sell their shares at higher prices than they could obtain through an IPO, and when actions are rarely taken against those who commit violations, investors withdraw or act as speculators.

Second, Bangladesh is currently experiencing the longest IPO drought in decades. Per a report by *The Business Standard*, no company has gone public in the country since approval was granted to Techno Drugs in March 2024. A stock market cannot support serious investors if listings don't continue to occur regularly. It becomes illiquid, narrow, and vulnerable.

Third, Bangladesh's corporate culture remains dominated by family-controlled firms that resist diluting ownership and acceptance of scrutiny by minority shareholders. Disclosure requirements, independent directors, and accountability to minority shareholders are all required to list stocks. As long as banks remain accessible and require fewer disclosures, strong private companies will avoid listing their shares on the stock exchange.

Fourth, the market is too shallow. Only 16 listed corporate bonds exist as of April 2026, as indicated by CEIC data. *Bonik Barta* reports that among the 645 securities traded on the DSE, only 360 are companies, with 32 having suspended production and 38 classified as going-concern doubtful. Foreign investors have also primarily left the country. Net portfolio flows have been negative consistently in recent years.

The reform agenda is clear. Credibility must be established in the enforcement process. The reconstituted BSEC must clearly prosecute manipulation, misuse of IPO proceeds, insider trading, and fraudulent disclosure. Without credibility in enforcement processes, investor confidence will never return.

Rules governing IPOs must allow productive refinancing of bank debt. Currently, rules restrict using IPO proceeds to retire bank loans. If firms can use equity to replace 12-14 percent of bank debt, both the firm's balance sheet and banking system stress will strengthen. Companies should be allowed to deleverage. However, only legitimate companies should benefit from this option; weak ones should not be permitted to use this option as a loophole.

Bangladesh must build a real corporate bond and Sukuk market. Tax parity must exist between bank deposits and other sources of funding for this purpose. Reliable secondary markets, credible credit ratings, and benchmark sovereign yield curves are also necessary to develop these markets. Commercial bank deposits alone cannot sustainably finance infrastructure and industrial expansion.

The promoter behaviour must shift due to meaningful differences between taxes paid by listed companies versus unlisted companies. Stronger governance and disclosure requirements must apply to larger unlisted companies, and benami structures must be actively discouraged.

Large-scale projects above a defined threshold must include a capital market component—either equity, corporate bonds or Sukuk. Patient capital can be provided by pension funds, insurers, mutual funds and the Universal Pension Scheme, but only if the capital market is transparent, liquid and trustworthy.

Bangladesh's capital market crisis is a development crisis, not a narrow issue related to stock prices. The economy cannot finance its next phase of industrialisation through an overstressed banking system alone. After five decades of operation, the stock market still funds only a small fraction of national investment. The question now is whether the authorities have political will to make the capital market a true engine of growth.

Women farmers and the fight for climate resilience

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MOHAMMAD JULFIQAR HAIDER

Bangladesh is among the world's most climate-exposed nations. Between 2000 and 2019, the country experienced 185 extreme weather events, resulting in approximately $3.72 billion in economic losses. The average temperature has been rising by 0.20 degrees Celcius every decade. Yet, as the country scales up its climate adaptation architecture, the people absorbing the sharpest household-level impacts—women smallholder farmers—remain structurally underserved.

Women comprise 58 percent of Bangladesh's agricultural workforce, but are rarely recognised as farmers in official classifications or extension services. Despite constituting the majority of agricultural labour, only 4.8 percent of women in agriculture hold land under their own names—the lowest in South Asia. They work the land without owning it, generate food without controlling its sale, and carry generations of agricultural knowledge without institutional support to apply it.

This invisibility is structurally enforced. Women farmers typically earn Tk 400 to Tk 500 per day, against Tk 600 for men performing equivalent work. Extension services are overwhelmingly directed at male farmers. A 2023 CGIAR study drawing on 1,230 surveyed households in Bangladesh found that gender disparities persist in agricultural losses, damage, and family food consumption, and that climate change restricts women's market access relative to men's.

Moreover, climate change is not gender-neutral. Research confirms that women in Bangladesh face heightened post-disaster food insecurity, and the gender gap in food insecurity has been growing. When harvests fail, women typically reduce their own food intake to protect children and other family members, a coping mechanism with severe long-term consequences for their health and adaptive capacity.

Salinity intrusion illustrates the intersection of climate stress and gender vulnerability. Salinity-affected land has expanded from 8.3 lakh hectares in 1973 to more than 10.56 lakh hectares in 2019. More than 70 percent of coastal residents confirmed that salinity worsened over the past decade, while 74 percent expect conditions to deteriorate further. With the soil now too salty for standard farming, the agricultural rules have completely changed. Women who have managed traditional cropping systems for generations find their knowledge made redundant, without viable alternatives offered to them. Meanwhile, the transition to capital-intensive aquaculture that follows salinity-driven land conversion is controlled predominantly by men.

As climate stress drives men towards urban wage labour, women are left to manage farms without legal land rights, agricultural identities in official systems, or institutional support. Studies from coastal Bangladesh show that female-headed households tend to rely on NGO assistance as a primary adaptation strategy—a survival response, not a resilience pathway.

The FAO's 2023 flagship report estimated that closing the gender gap in agricultural productivity and wages could boost global GDP by nearly $1 trillion and lift 4.5 crore people out of food insecurity. The World Bank's Groundswell report projects four crore internal climate migrants in South Asia by 2050. Bangladesh will be among the most affected. The household scale, where women are already carrying climate adaptation without adequate support, cannot hold against that pressure.

The LoGIC project, implemented across 72 unions in seven climate-exposed districts, reached 11 lakh people, 63 percent of them being women. It trained 34,953 women in 23 types of climate-adaptive livelihoods, formed 247 Climate Smart Cooperative Societies, and delivered a measurable outcome: 76 percent of grant recipients reported economic improvement. LoGIC won the Global Climate Action Local Adaptation Champions Award precisely because it treated women not as beneficiaries, but as adaptation agents.

Bangladesh's National Adaptation Plan (NAP) 2023-2050 commits to gender-responsive budgeting and equitable access to resources across agriculture. These commitments need an implementation architecture. For this, three shifts are essential.

First, recognition—women's agricultural labour must be counted in national statistics and reflected in farmer classifications. The NAP's 12 agricultural interventions covering irrigation, seeds, extension, and value chains must each specify how they will reach women as primary actors, not residual beneficiaries.

Second, access—only 4.8 percent of female farmers hold land, yet land ownership is a precondition for formal agricultural credit. Collateral-free, flexible credit products calibrated to women's smallholder realities are largely absent from mainstream agricultural finance in Bangladesh. This gap has a direct cost for climate adaptation.

Third, voice—women smallholder farmers hold place-based knowledge about environmental change that no satellite system captures. Locally led adaptation (LLA) is meaningless if women within climate-exposed communities remain at the margins of programme design. LoGIC's cooperative model, which embedded women's voice in governance structures as a condition of programme access, offers a replicable template.

A woman smallholder farmer is not a beneficiary waiting for a programme. She is a practitioner of adaptation, working under constraints that policy has the power to remove. Recognising her as such is not a concession to equity. It is a precondition for any climate strategy in Bangladesh that intends to last.

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