



Search

Site Search Google Search

HOME

SOUTH ASIA

AFGHANISTAN

BANGLADESH

BHUTAN

INDIA

MALDIVES

This New World of
BANGLADESH

PAKISTAN

SRI LANKA

MORE ↓

Body wrapped in a plastic bag found in Mymensingh

Robber gang lord killed in Lakshmipur shootout: RAB

Two including League leader dead in war

Ailing state-owned banks to get large budget support

01-Jun-15 11:37 PM



Bangladesh Profile

The government is set to allocate, once again, a hefty sum for recapitalising the state-owned banks, languishing from the aftereffects of loan scams, in the new budget.

Finance ministry officials said the amount would be no less than Tk 5,000 crore in the budget to be announced in the parliament on Thursday.

This particular sum has been a feature of the budget since 2013-14 after one after another loan scam came to light.

The Awami League-led government pumped Tk 4,100 crore in scam-ridden banks in 2104 after the single largest loan scam, involving more than 10,000 crore by little-known Hallmark Group, hit Sonali Bank hard.

Sonali Bank is yet to recover a single penny of the loans said a former member of the board of directors appointed by the government on political grounds.

In the outgoing fiscal, the SoBs including Sonali and BASIC Bank were given Tk 2,400 crore in two phases despite criticism by many quarters, including the Centre for Policy Dialogue, a leading local think-tank.

The state of BASIC Bank remains critical after loans totaling Tk 4,236 crore were extended to 335 little-known clients, most of them defaulters and untraceable.

Former chairman Sheikh Abdul Hye was asked to step down from his post following allegations that he masterminded the scam. The government has not taken any move to bring him to book despite demands by the parliamentary standing committee on finance ministry.

Bank and financial institution division chief M Aslam Alam said both Sonali and BASIC needed more than a decade to recover from the setbacks they had suffered because of errant boards of directors who failed to ensure accountability.

The government has taken a series of measures to make the present boards of the banks accountable, but visible progress in the banks' efforts to turn around is still a couple of years away, he said.

The Centre for Policy Dialogue criticised the government for recapitalising the state banks saying the taxpayers' money was being wasted on recapitalisation.

Its officials noted the state-owned banks were making up for losses incurred through malpractice with budgetary support from the government.

They also noted that demand for higher allocation for health, education and agriculture remained unaddressed.

[Read more](#)

RELATED STORIES



Some still alive inside capsized ship on China's Yangtze River; five bodies recovered



Hollywood actor Matt Dillon visits Rohingya camp