COUNTING THE ECONOMIC COST

A Whitepaper on Bangladesh under the Yunus-led Interim Regime

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Executive Summary

Between 2009 and 2024, Bangladesh was one of the most cited development successes of the modern era. The poverty headcount fell from 44.2 per cent of the population to 12.9 per cent, and more than 30 million people left poverty behind. The economy grew at an average of 6.0 per cent a year across three decades. A country once treated in the development literature as a test case for permanent dependence had, by mid-2024, built the world's second-largest garment export industry, was earning USD 46.99 billion a year from ready-made garments (RMG) and USD 27.5 billion in remittances, had electrified 99 per cent of its territory, and was preparing to graduate from least-developed-country (LDC) status. Scholars gave the phenomenon a name: the "Bangladesh paradox," a state with visibly weak formal institutions delivering social outcomes that far richer neighbours could not match.

Following 5 August 2024, 18 months of an unelected regime have cost that country between USD 80 billion and USD 112 billion. This report provides a detailed accounting of those economic costs.

The period examined runs from August 2024 to February 2026, the tenure of an interim administration headed by Dr Muhammad Yunus, which took office without an election, governed without a sitting parliament, and operated outside any provision of the Constitution authorising such an arrangement. The report analyses the methods and mechanisms which the interim administration used to maximise their private gains. Real decision-making power rested within the exclusive circle of the "Kitchen Cabinet," a select group of advisers who held most of the power.

The result was the total collapse, in those 18 months, of the institutional and accountability framework, leading to overall economic mismanagement and losses in banking and finance, private investment, and the business infrastructure, and in social, reputational, and other areas. These losses were not the incidental cost of a difficult transition; they follow from "institutional capture," which the report defines as the subordination of the state's neutral institutions, including its central bank, courts, regulators, and revenue machinery, to a small governing network, which eventually used this network to maximise their private gains.

The report draws on official statistical series, Bangladesh Bank data, International Monetary Fund (IMF) and World Bank programme documents, audit findings, and primary news records. Each loss is counted once, at the chapter where it is analysed. Events after February 2026 are excluded from the count and labelled as post-scope context wherever they appear.

I. Three Decades of Gains

The extent of what was lost can be understood only in the context of what had been achieved. The progress made during the three decades leading up to August 2024 faced several challenges, particularly due to the supply chain disruptions caused by the COVID 19 pandemic and the evolving geopolitical tensions stemming from the conflict between Russia and Ukraine between 2020 and 2022. However, the development was tangible and verified by independent organisations. This progress was built on institutional capacity that took a generation to develop.

In agriculture, total food grain production rose from 385.99 lakh metric tonnes (MT) in FY2015 to a record 501.17 lakh MT in FY2024, an increase of 29.8 per cent in nine years. Rice yields improved from 4.0 to 4.7 tonnes per hectare over the decade, and rice exports grew 16-fold, from 663 MT in FY2009-10 to 10,879 MT by FY2024. Aquaculture output expanded 13-fold. By Food and Agriculture Organization of the United Nations (FAO) classification, Bangladesh had become the world's third-largest rice producer, second-largest jute producer and fifth-largest producer of farmed fish. Rice imports in FY2024 stood at a modest 4.2 lakh tonnes. Food self-sufficiency was a hard-won gain, achieved through decades of investment in flood-tolerant and salinity-resistant varieties, irrigation expansion, and an agricultural extension network that reached the union level.

In energy, generation capacity expanded from roughly 5,000 megawatts (MW) in 2009 to more than 25,000 MW by 2024, one of the fastest electrification programmes in South Asian history. In infrastructure, the outgoing administration left a portfolio of works representing committed investment of approximately USD 35 to 40 billion, several of them already delivered: the Padma Bridge in June 2022, Mass Rapid Transit (MRT) Line 6 in December 2022, and the Bangabandhu Tunnel in 2023.

In health, the transformation was recognised internationally as a model. Child immunisation coverage rose from 2 per cent in 1979 to 81.6 per cent full valid coverage by 2023, with third dose of the diphtheria, tetanus and pertussis vaccine (DTP3) coverage sustained at 98.2 per cent and measles coverage at 93 per cent. The country was certified polio-free in 2014 and launched the HPV vaccine in October 2023. Bangladesh was self-financing 39 per cent of its annual vaccine bill by 2020, and had set a target, then judged achievable, of eliminating measles and rubella by 2026.

In labour and trade, female labour force participation rose from approximately 20 per cent in 1990 to over 36 per cent by 2024, a gain of 16 percentage points driven by garment employment, microcredit, girls' education incentives, and the community health worker cadre. It is among the most consequential social changes in the country's history. And in public delivery, the Annual Development Programme (ADP) was executed at between 81 and 95 per cent of allocation every year from FY2015 to FY2024. That figure is worth keeping in mind: it is the clearest single measure of whether a state can convert a budget into schools, roads, and hospitals.

II. The Fragility Beneath the Record

By mid-2024, the growth trend had already been reversed: GDP growth for FY2024 was recorded at 4.22 per cent, significantly lower than the decade-long average of 6.5 per cent to 7 per cent. This report purposefully adopts a more conservative counterfactual of 6.0 per cent instead of the official trend. Revenue mobilisation remained among the weakest globally, with a tax-to-GDP ratio of just 8.7 per cent. The banking system reported a gross non-performing loan (NPL) ratio of 12.56 per cent as of June 2024, highlighting well-documented issues in loan classification, related-party lending, and supervisory forbearance. Additionally, corruption persisted as a longstanding issue, as reflected in the country's performance on various international indices over the years.

External conditions were also challenging. Global interest rates were high, the post-pandemic trade environment was unstable, and reserve pressure began before the transition. Three significant external shocks during this period, namely, the reduction of US bilateral health aid, the tightening of global development finance, and the fluctuations in energy prices, were beyond the control of the government in Dhaka. The

report acknowledges these factors where relevant and distributes the effects accordingly.

The report distinguishes between inheritance and aggravation regarding weaknesses in the system. The report does not attribute an inherited weakness that persists over time to the administration. However, a weakness that sharply worsens, especially if it moves in a direction contrary to its previous trend, following a specific decision, is held accountable. The NPL ratio serves as a clear example: a system that had been gradually deteriorating over a decade nearly tripled in just 15 months. The report treats the initial months of this increase as the acknowledgement of previously hidden impairment, which is why its disclosure-adjusted baseline is significantly lower than its central estimate. This methodology is explained in Chapter 2 and applied consistently throughout the report.

III. July 2024 and the Transition

On 5 June 2024, the High Court Division declared the 2018 circular that had abolished quotas in public service recruitment illegal, reinstating a system students had campaigned against for years. The grievance was legitimate and warranted a serious institutional response. While the government's appeal awaited hearing before the Appellate Division, students mobilised, and tension developed between the executive, the judiciary, and the demonstrators on the streets.

After 15 July, the character of the movement changed. Casualty figures rose on both sides before any systematic count had been conducted. Images spread faster than their context could be verified. Social media accounts created weeks in advance disseminated identical framings to millions of users within hours, and fact-checking organisations that later examined the period found fabricated content circulating on every side of the conflict. The government's internet shutdown intensified the resulting information disorder rather than containing it. By late July, no authoritative account of events could be established or tested.[1]

[1] This report does not adjudicate those events. Whether the mobilisation was spontaneous, coordinated, externally financed, or some combination of the three is a question of fact that requires an evidentiary

On 5 August 2024, the government fell. Three days later, Muhammad Yunus was sworn in as Chief Adviser, with the backing and facilitation of the military, without any constitutional office behind him, and resting on what was at the time described as a reservoir of goodwill at home and abroad. How that goodwill was used is the subject of this report.

IV. The Reset: Institutional Capture

In an interview published on 3 October 2024, the Chief Adviser said the students had pressed a "reset button," suggesting the past was truly gone. This comment sparked protests, prompting his press office to spend the following week clarifying that he was referring to the old administration rather than the country's history. However, the events that unfolded in the months that followed aligned more closely with the literal interpretation of his statement. Monuments and museums related to the 1971 Liberation War were vandalised or demolished, the historic residence at Dhanmondi 32 was destroyed by a mob without police intervention, national commemorations were limited, and school textbooks were revised to downplay the significance of the independence struggle. In practice, the country's past was treated as if it could simply be erased.

What followed was the dismantling of every institution, both constitutional and statutory, that could restrain the executive. Loyalists were appointed in those institutions without following any due process. The report refers to this phenomenon as "institutional capture," which is a process where state institutions, which are meant to operate under rules that apply equally to all and serve the public interest, are instead redirected to serve the private interests of those in control. Regulatory capture is a subset of this phenomenon, occurring when central banks, securities commissions, and similar entities stop acting as independent arbiters and instead become instruments of the very interests they were established to regulate. While neither of these phenomena is new, and both have been well-documented in scholarly literature on transitional governance,

record this report does not possess and does not pretend to. Chapter 9 sets out what would be needed to answer it, in the form of specific, answerable questions addressed to the bodies with subpoena power.

what sets the case of Bangladesh apart is the speed and comprehensiveness of the capture followed by the massive economic costs.

The report identifies major incidents of institutional capture. First, it discusses the capture of the judiciary. On 8 August 2024, the Chief Justice and five Appellate Division judges resigned under pressure from groups that stormed the Supreme Court building. Forty-six judges, including four Chief Justices and ten Appellate Division judges, were subsequently arrested, forced to resign, or stripped of authority. In addition, 849 lawyers were subjected to persecution across 268 separate incidents, including 200 fabricated criminal cases implicating 721 lawyers. With a single appellate judge in place immediately after the transition, the apex court's capacity to function as a constitutional check was suspended at the moment it was most needed. Within weeks, the reconstituted courts dismissed the corruption and criminal cases pending against the Chief Adviser and six associates. On the streets, recorded mob-violence deaths rose from 51 in 2023 to 185 in the 11 months from August 2024 to June 2025.

The second capture took place across the financial and capital markets. An ordinance deleted the statutory 65-year age limit for the office of Governor of Bangladesh Bank, in force for decades, so that a preferred candidate above that threshold could be appointed. The bank's institutional resources were subsequently directed to political ends, including reported allocations from its Corporate Social Responsibility (CSR) account to the constitutional referendum campaign. Nagad, the country's second-largest mobile financial service, was restructured and moved towards privatisation, while a digital wallet licence was issued to a Grameen Telecom entity closely associated with the Chief Adviser. In October 2024, the Chairman of the securities regulator was besieged in his office and escorted out under army guard, and the committee formed to investigate the regulator's failures was composed of industry actors subordinate to it. No initial public offering (IPO) was issued for the remainder of the period.

Finally, the legislative architecture itself was captured. More than 100 ordinances rewrote taxation, procurement, energy regulation, and the rules governing foreign funding of civil society, with none subject to independent judicial review because the judiciary that would have conducted it had already been neutralised. The country's largest political party was banned under an anti-terrorism ordinance brought into force

the day before it was applied. An energy amendment removed the government's legal authority to regulate tariffs in the public interest. A procurement amendment omitted competitive safeguards while retaining the direct procurement method, which was then used for the port and infrastructure awards. A subsequent parliamentary review found that at least 20 of these ordinances were deliberately allowed to lapse without enactment as permanent legislation, so that the disruption survived while the legal instruments did not.

In addition, the interim administration dismantled elected local government wholesale. Of 495 upazila chairmen, 493 were removed, along with 988 vice-chairpersons, 323 municipal mayors, 60 district council chairpersons, and roughly 1,416 Union Parishad chairmen, approximately one in three. Their functions passed to appointed administrators or lapsed altogether. The service-delivery vacuum that followed enabled predatory local governance: rice intended for the ultra-poor under the Vulnerable Group Feeding (VGF) programme was diverted, fertiliser corruption of approximately BDT 2,000 crore (about USD 165 million) was documented, and extortion by locally embedded figures became routine.

Discretionary power, unmediated by rule or oversight, was the operative principle of the period. Wherever it was applied, in a courtroom, on a bank board, or at a tender committee, it produced the same result. That regularity is the report's central analytical claim, and the remainder of this summary is concerned with what it cost.

V. How Capture Became Economic Loss

Capture is not an abstraction. It transmits into output, employment, and prices through identifiable channels. Within a single fiscal year, Bangladesh's GDP growth fell to 3.49 per cent in FY2025, the weakest rate in two decades, against a pre-transition trend of 6.5 to 7 per cent. The shortfall implies foregone output of USD 11 to 14 billion in FY2025 alone. Preliminary FY2026 indicators tracking at 3.8 to 4.2 per cent add a further USD 6 to 8 billion for July 2025 to February 2026. Total GDP opportunity loss over the 18 months is estimated at USD 17 to 22 billion. The ADP, executed at 81 to 95 per cent of allocation every year for a decade, was executed at 11.5 per cent, the lowest rate in the country's recorded history: budgeted investment in schools, roads, hospitals, and social protection

simply went unspent. The tax-to-GDP ratio fell from 8.7 to 7.4 per cent, among the lowest in the world, after a revenue ordinance sought to place generalist officers over trained tax professionals and triggered a nationwide work stoppage by revenue officials. Private sector credit growth fell to 5.8 per cent, a 15-year low, with the policy rate held at 10 per cent throughout.

The financial and capital market absorbed the largest single share of the loss. The gross NPL ratio rose from 12.56 per cent at the June 2024 baseline to a peak of 35.73 per cent in September 2025, a near tripling in 15 months and the highest ratio recorded anywhere in Asia. The gross stock reached BDT 6,440 billion (approximately USD 54 billion). Seventeen banks recorded combined provisioning shortfalls of BDT 1.77 lakh crore (about USD 14.9 billion), and Bangladesh Bank permitted 28 banks to defer recognition of their capital shortfalls, suppressing the reported scale of insolvency risk. State-owned commercial banks reached an NPL ratio of 44.44 per cent; private commercial banks (PCBs), previously the better-managed segment, went from single digits to 33.75 per cent in nine months. The Dhaka Stock Exchange (DSE) recorded no IPO during the entire period.

Another affected sector was domestic and foreign direct investment (FDI). Gross fixed capital formation fell from 24.5 per cent of GDP in FY2022 to 22.03 per cent in FY2025, a fourth consecutive annual decline and the lowest ratio in 11 years. FDI collapsed to USD 1.27 billion, the lowest in five years and equivalent to 0.28 per cent of GDP against a South Asian average of 1.6 per cent.

The proximate causes were not macroeconomic but rather a combination of political instabilities, mob-violence, and a total collapse of law and order. The Dhaka Chamber of Commerce and Industry reported extortion rising by up to 50 per cent, with Transparency International Bangladesh (TIB) finding BDT 2.21 crore extorted daily from only 53 Dhaka transport terminals. Human Rights Watch and the Bangladesh Hindu Buddhist Christian Unity Council jointly documented over 2,010 attacks on minority-owned commercial properties. Investors were not pricing a growth slowdown; they were pricing the absence of a court that would enforce a contract.

Energy and procurement show the mechanism at its clearest. The Bangladesh Power Development Board (BPDB) buys electricity from independent power producers at an

average of BDT 11 per unit and sells it at BDT 7.04, a spread requiring USD 3 to 4 billion a year in subsidy. The National Review Committee (NRC) audit found solar contracts priced 70 to 80 per cent above international benchmarks, heavy fuel oil contracts 40 to 50 per cent above, and gas-based projects approximately 45 per cent above market rates: the direct fiscal expression of a procurement amendment that removed competitive safeguards while retaining direct procurement. Unpaid dues to independent power producers reached USD 846 million by late 2025. A gas supply shortfall reaching 46 per cent of daily demand by February 2026 closed five of the country's six major urea fertiliser plants during the Aman transplanting window and reduced roughly half of all textile mills to partial capacity.

Trade infrastructure was dismantled in parallel. India revoked Bangladesh's transshipment facility in April 2025 following inflammatory statements by administration officials. The Chittagong New Container Terminal lease with DP World, covering a facility that handles 40 per cent of the country's international trade, was cancelled in February 2026, triggering port strikes and a 38 per cent drop in export deliveries. A fire at the Hazrat Shahjalal International Airport cargo terminal in October 2025 destroyed approximately USD 1 billion in goods and diverted an estimated USD 1 to 2 billion in export orders to competing sourcing countries. Construction costs for the Matarbari Deep Sea Port rose by BDT 65.73 billion, with completion pushed back three years, and Rooppur costs increased by a further BDT 255.92 billion.

The public integrity data track the same curve. TIB found households paid BDT 12,633.2 crore, approximately USD 1.10 billion, in bribes for public and semi-public services between November 2024 and October 2025, an increase of 15.9 per cent on 2023, with 81.6 per cent of households encountering corruption in at least one service sector and judicial services carrying the highest average bribe. Deposits linked to Bangladesh in Swiss banks rose from a record low of CHF 17.7 million at the end of 2023 to CHF 834.16 million at the end of 2025, including a 41 per cent rise in 2025 alone. Capital flight through informal channels is estimated at USD 4.5 to 6.5 billion, facilitated by the regulatory vacuum on virtual assets and the expansion of digital hundi networks. The Swiss series is reported as an indicator rather than counted; the direction it points in is not ambiguous.

VI. The Human Account

Economic totals understate what happened to people, and in three areas the human record is the more important finding. First, the Labour Force Survey 2024 recorded the first contraction in the national labour force since 2010, a net loss of 1.74 million workers in a single year. Women bore the overwhelming share: female participation fell by 1.6 million workers, partially reversing two decades of gains that had taken participation from roughly 20 to over 36 per cent. In the RMG sector, 353 factory closures and 119,842 direct job losses were documented over 14 months; the Business and Human Rights Resource Centre reported more than 500,000 garment workers living in inhumane conditions by the end of 2025. Beximco terminated 40,000 workers across 16 factories, and 5,000 of them subsequently faced criminal prosecution for protesting the loss of their livelihoods.

The second is health, where the reversal is the starkest in the report because the baseline was the strongest. A country that had sustained DTP3 coverage at 98.2 per cent and measles coverage at 93 per cent, and which had been certified polio-free in 2014, saw vaccine stocks for ten diseases critically depleted within the scope period and reduced to zero at the central warehouse shortly afterwards, following the abolition of a functioning vaccination framework and against the express warnings of the United Nations Children's Fund (UNICEF). The worst measles outbreak in 20 years began in October 2025 and was escalating rapidly at the scope close; at least 810 children had died as of July 2026. US bilateral health aid was cut by 97.5 per cent over the same period, from USD 80 million to USD 2 million, a decision taken in Washington rather than Dhaka but landing on a system that had just dismantled its own capacity to absorb it. Separately, the Integrated Food Security Phase Classification (IPC) found 16 million Bangladeshis in acute food insecurity, ranking the country fourth worst in the world.

The third is the closing of civic and educational space. Between 12,000 and 18,000 university students were suspended, expelled, or compelled to withdraw, the largest wave of student exclusions since independence, and Higher Secondary Certificate (HSC) examinations were disrupted at over 3,200 centres. Ain o Salish Kendra recorded 1,847 cases of rape and sexual assault in 2025, a 47 per cent increase on 2023, with 312 victims identified as minors. The Bangladesh Hindu Buddhist Christian Unity Council recorded

892 attacks on minority communities and their properties. Mass detention under the campaign styled Operation Devil Hunt produced documented arbitrary arrests and cases of abuse. These costs are partly quantified in Chapter 8 and partly not quantifiable at all; the report is explicit about which is which.

VII. The Count of Losses

The counted in-period loss across the five substantive chapters is USD 79.6 to 112.2 billion, reported throughout as USD 80 to 112 billion. That is approximately USD 470 to 660 for every citizen of Bangladesh, and between 17 and 24 per cent of a single year of national output. The capital market lost two of every five dollars, the part of an economy that takes the longest to rebuild.

Table 1 Counted in-period losses by chapter, August 2024 to February 2026 (USD billion)

Domain	Report chapter	Counted loss (USD bn)	Share of midpoint total
Banking and finance	Chapter 6	31.9–42.1	39%
Economic mismanagement	Chapter 5	27.7–37.9	34%
Private investment and business infrastructure	Chapter 7	11.6–18.5	16%
Institutional capture	Chapter 4	5.3–8.9	7%
Other social, reputational, and crony losses	Chapter 8	3.1–4.8	4%
Total counted in-period loss	**Chapter 3**	**79.6–112.2**	**100%**

Figures are bottom-up, counted once at their analytical home, and conservatively anchored; they exclude allegations and indicators. Where a loss could plausibly sit in two chapters, it is assigned to one and cross-referenced from the other but never added twice. The IMF and World Bank recapitalisation ranges for the banking system, running as high as USD 50 billion, are reported as a stress scenario and are never counted. The widely reported allegation that BDT 90,000 crore was looted from the capital market in the eight months after the transition is treated as an allegation, not a verified loss,

because it has not been independently audited. A register of identified but unquantified losses, from lost schooling to brain drain, sits behind the total, which means the true cost is higher than any figure printed here.

VIII. The Period in One Table

Compared with June 2024, the reversal appears in almost every indicator that matters, across domains that share little except the governing arrangement they were subject to.

Table 2 Principal indicators, June 2024 baseline against the February 2026 scope close

Indicator	June 2024 baseline	At or near the February 2026 close
GDP growth	6.5–7% trend; 4.22% in FY2024	3.49% in FY2025, weakest in two decades
ADP execution	81–95% every year, FY2015–FY2024	11.5%, lowest on record
Tax-to-GDP ratio	8.7%	7.4%, among the lowest in the world
Gross NPL ratio	12.56%	35.73% peak (Sept 2025), highest in Asia
Private sector credit growth	Long-run trend well above term level	5.8% in FY2025, a 15-year low; 6.03% at close
Gross fixed capital formation	24.5% of GDP (FY2022)	22.03% of GDP, lowest in 11 years
FDI	South Asian average 1.6% of GDP	USD 1.27bn, 0.28% of GDP
IPOs, DSE	Functioning primary market	None issued during the period
National labour force	Continuous expansion since 2010	Net loss of 1.74 million workers
Female labour force participation	Over 36%, up from ~20% in 1990	Net loss of 1.6 million women workers
Measles immunisation	93% coverage sustained; elimination targeted for 2026	Stocks depleted; at least 810 child deaths by July 2026
Recorded mob-violence deaths	51 (2023)	185 (Aug 2024–Jun 2025)
Elected upazila chairmen in office	495	2 (493 removed)

Indicator	June 2024 baseline	At or near the February 2026 close
Swiss bank deposits linked to Bangladesh	CHF 17.7m (end-2023)	CHF 834.16m (end-2025)

IX. Forward Liabilities and Excluded Numbers

The total count is based on figures available through February 2026, but in reality, it continues beyond that. The unelected administration made commitments that obligate future governments. These commitments are not included in the headline figure because incorporating them would mix a loss that has already occurred with one that has been contracted but not yet paid. As will be shown in Section 3.2, future liabilities are estimated to range from USD 16 billion to USD 30 billion. The largest single obligation is a bilateral trade agreement with the US, signed on 9 February 2026—a few days before the election. This agreement commits Bangladesh to purchase USD 15 billion in fossil fuel energy over 15 years, all without any parliamentary approval.

The report excludes any figure that is not supported by evidence. The table below lists these alongside the forward liabilities.

Table 3 Forward liabilities, memo items and figures reported but not counted

Item	Treatment in this report	Value
Forward liabilities falling on future budgets	Reported separately; added to nothing	USD 16–30 bn
Fifteen-year fossil fuel purchase commitment, US	Largest single component of the above	USD 15 bn over 15 years
Capture-specific forward commitments: tariff concessions, port concessions, licence terms	Component of the above	USD 3.2–5.2 bn
Simulation of the unrepaired aftermath	Alternative perspective; added to nothing	Median USD 89 bn over five years
IMF and World Bank recapitalisation requirement	Stress scenario; never counted	Up to USD 50 bn
Alleged capital market losses in the eight months after transition	Allegation: not independently audited, not counted	BDT 90,000 crore (≈ USD 7.5–8 bn)

Item	Treatment in this report	Value
Capital flight through informal and virtual asset channels	Reported as an indicator	USD 4.5–6.5 bn
Swiss bank deposits linked to Bangladesh	Reported as an outflow indicator	CHF 17.7m to CHF 834.16m
Value transfers to Yunus-affiliated organisations	In-period portion counted once in Chapter 4	USD 438–780 m
Register of identified but unquantified losses	Listed; not valued	Not estimated

X. Attribution and Limitation

Four key qualifications must frame the interpretation of this account. The administration took charge amidst a declining economy and a banking system already struggling. Many of the most significant external shocks during this period came from abroad. Furthermore, data quality worsened significantly, with instances where the administration itself compromised the measuring instruments. The hypothetical scenario of a Bangladesh that could have achieved 6.0 per cent growth under a constitutional government is a construct. Each of these qualifications provides a clearer context for the account without undermining its validity. Every methodological choice, made in the face of uncertainty, leans towards a conservative outcome rather than an inflated one.

The report refrains from passing judgement on the events of July 2024, nor does it establish the sources of financing for the mobilisation or detail whether it was coordinated, or by whom. It does not assign criminal liability to any individual.

When a figure is estimated rather than verified, the report is transparent about this and excludes it. Where losses are acknowledged but cannot be quantified, they are noted. The assertion here is specific and, consequently, more robust: a defined governing arrangement has led to a tangible, measurable economic outcome through mechanisms that can be traced precisely, instrument by instrument.

The impact of this situation varies by reader. For researchers, the 18 months discussed here represent a compelling example of institutional capture. This case provides a full cycle that is documented as it unfolded, showcasing the neutralisation of the referee

institutions and leading to a measurable macroeconomic outcome. The estimates are derived from the ground up, the sources are identified, and the counterfactual is explicitly stated rather than assumed. This transparency means the entire account can be tested, expanded, and challenged. This is the invitation extended to readers.

For policy-makers and administrators, the order in which institutions collapsed is the same order in which they must be rebuilt. The central bank was compromised by appointing a governor who exceeded his legal authority; the courts were undermined through resignations and fabricated cases; regulators were pressured by mobs and captured inquiry committees; and the revenue system was affected by the reallocation of professional positions. More importantly, the accountability of those whose actions led to such massive mismanagement must be ensured.

For legislators and for the bodies with the power to compel evidence, Chapter 9 sets out what this report could not resolve, framed as questions answerable on a record: the provenance of the financing behind the events of July 2024, the disposition of the sums that left the country, the legal authority for treaty and concession commitments concluded without parliamentary approval, and the integrity of the statistical series published during the period. These are not rhetorical questions. Each identifies a specific custodian of the relevant evidence.

A country cannot simply press a reset button and erase everything that has ever mattered. It carries forward the pain of loss: in the output that was never produced, in the institutions that will take a decade to rebuild, and in the diminished expectations of a generation. This report acknowledges that failure. Those who come after bear responsibility for addressing these issues, and this account is intended for them.

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List of Acronyms and Abbreviations

Acronym	Meaning
ACC	Anti-Corruption Commission
ADP	Annual Development Programme
ASK	Ain o Salish Kendra
BBS	Bangladesh Bureau of Statistics
BDT	Bangladeshi taka
BERC	Bangladesh Energy Regulatory Commission
BEZA	Bangladesh Economic Zones Authority
BFIU	Bangladesh Financial Intelligence Unit
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BIDA	Bangladesh Investment Development Authority
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association
BMET	Bureau of Manpower, Employment and Training
BPDB	Bangladesh Power Development Board
BSEC	Bangladesh Securities and Exchange Commission
BSL	Bangladesh Chhatra League (Bangladesh Student League)
BSS	Bangladesh Sangbad Sangstha, the national news agency
BTRC	Bangladesh Telecommunication Regulatory Commission
BUET	Bangladesh University of Engineering and Technology
CCTV	Closed circuit television
CHF	Swiss franc
COVID-19	Coronavirus disease 2019
CPD	Centre for Policy Dialogue
CPI	Consumer price index
CSR	Corporate social responsibility
DFI	Development finance institution
DGHS	Directorate General of Health Services
DSE	Dhaka Stock Exchange

DSEX	Dhaka Stock Exchange Broad Index
DTP3	Third dose of the diphtheria, tetanus and pertussis vaccine
EPI	Expanded Programme on Immunisation
EUAA	European Union Agency for Asylum
FAO	Food and Agriculture Organization of the United Nations
FATF	Financial Action Task Force
FDI	Foreign direct investment
FX	Foreign exchange
FY	Financial year, running July to June in Bangladesh
GBV	Gender based violence
GDP	Gross domestic product
GFCF	Gross fixed capital formation
GFI	Global Financial Integrity
GP	Grameenphone
HPNSP	Health, Population and Nutrition Sector Programme
HPV	Human papillomavirus
HSBC	The Hongkong and Shanghai Banking Corporation
HSC	Higher Secondary Certificate
ICT	International Crimes Tribunal
IEEFA	Institute for Energy Economics and Financial Analysis
ILO	International Labour Organization
IMF	International Monetary Fund
IPC	Integrated Food Security Phase Classification
IPO	Initial public offering
JICA	Japan International Cooperation Agency
JMBF	JusticeMakers Bangladesh in France
LC	Letter of credit
LDC	Least developed country
LGD	Loss-given default

LGED	Local Government Engineering Department
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
MD	Managing director
MFS	Mobile financial services
MRT	Mass rapid transit
MT	Metric tonne
MW	Megawatt
NBR	National Board of Revenue
NCP	National Citizen Party
NGO	Non governmental organisation
NGSO	Non geostationary orbit
NII	Net interest income
NPL	Non-performing loan
NRC	National Review Committee
OECD	Organization for Economic Cooperation and Development
OHCHR	Office of the United Nations High Commissioner for Human Rights
OMS	Open market sale
PCB	Private commercial bank
PGCB	Power Grid Company of Bangladesh
PLC	Public limited company
PPP	Purchasing power parity
PRI	Policy Research Institute
QFSAR	Quarterly Financial Stability Assessment Report, Bangladesh Bank
RMG	Ready-made garment
SEZ	Special economic zone
SNB	Swiss National Bank
SOCB	State-owned commercial bank
TBS	*The Business Standard*

TCB	Trading Corporation of Bangladesh
TIB	Transparency International Bangladesh
UAE	United Arab Emirates
UGC	University Grants Commission
UK	United Kingdom
UN	United Nations
UNB	United News of Bangladesh
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
US	United States
USD	United States dollar
USDT	Tether, a United States dollar denominated stablecoin
VAS	Value added services
VAT	Value added tax
VGF	Vulnerable Group Feeding
WFP	World Food Programme
WHO	World Health Organization

CHAPTER 1

Introduction

Following the collapse of the Awami League Government on 5 August 2024, an interim administration led by Dr Muhammad Yunus was formed on 8 August 2024 and lasted until 17 February 2026. The administration's tenure consisted of unelected bodies who assumed office without an election, functioned without a sitting parliament, and operated outside any provision of the Constitution authorising such an arrangement. This report documents the conduct of the interim administration during its 18 months in office, quantifies the economic costs imposed on the country, and examines the evidence bearing on whether those costs arose from circumstance or from deliberate policy choices.

Adjudicating the facts of the events that preceded the collapse of the elected government on 5 August 2024 is not within the scope of this report. It is nonetheless essential to provide the context of how the interim administration came to office. Therefore, the following section in this chapter sets out the background to the transition. The rest of the chapter summarises the institutional changes that followed, and describes the analytical standards applied in the remainder of the report.

1.1 Background: The "Quota" Movement

In June 2024, a court ruling on public service job quotas presented the students of Bangladesh with a legitimate grievance that warranted a serious institutional response. On 5 June 2024, the High Court Division declared the 2018 government circular abolishing quotas in public service recruitment illegal, effectively reinstating the quota system. While the government's appeal against the ruling awaited hearing before the Appellate Division, students mobilised in protest, and tension developed between the executive, the judiciary, and the demonstrators on the streets.

After 15 July 2024, the character of the movement changed. Beginning with the death of a Bangladesh Student League (BSL) activist from Dhaka College on 16 July 2024 and a student at Begum Rokeya University in Rangpur, casualty figures began to rise. While the then government declared it would form an independent judicial commission to

investigate the deaths of students, the mobilisation, following 18 July 2024, escalated with the killing of police, and the vandalising, destroying, and burning of KPIs. The casualty figures rose before any systematic count had been conducted; images spread more rapidly than their contexts could be verified; and social media accounts created weeks in advance disseminated identical framings to millions of users within hours. Fact-checking organisations that examined the period found fabricated content circulating on both sides of the conflict, while the government's internet shutdown intensified, rather than contained, the resulting information disorder.[2]

By late July, the informational environment had deteriorated to the point where no authoritative account of events could be established or tested. On 5 August 2024, the government fell. Three days later, Dr Muhammad Yunus was sworn in as Chief Adviser of an interim administration, with the backing and facilitation of the military, without any constitutional office behind him, and resting on what was described as a "reservoir of goodwill at home and abroad." How the administration used that goodwill is the subject of this report.

1.2 The "Reset": Dismantling of Institutional Checks and the Beginning of Institutional Capture

In an interview published on 3 October 2024, Dr Muhammad Yunus, referring to the students' quota movement, said that the students had "pressed a reset button" and that, with it, the past was "gone for sure".[3] His comment sparked protests, as many viewed it as a direct attack on Bangladesh's history and its struggle for independence. In response, his press office spent a week clarifying that the remark was intended to refer to the old-fashioned administration, and not to the country's historical legacy[4].

[2] Dismislab (Digitally Right), misinformation monitoring and verification reports on the July–August 2024 unrest, Dhaka, 2024; AFP Fact Check, Bangladesh protest misinformation series, July–August 2024.

[3] *Voice of America*, interview with Chief Adviser Muhammad Yunus, published 3 October 2024; reported in "By reset button, Yunus didn't mean wiping out Bangladesh's proud history: CA office," *TBS*, 10 October 2024.

[4] *BSS News*; *bdnews24,* Chief Adviser's Press Wing, clarification statement on the reset button remark, 10 October 2024.

The record of the months that followed is more consistent with the literal reading. The reset was applied first to history itself: monuments and museums associated with the 1971 Liberation War were vandalised or demolished, the historic residence of the founding father of the nation at Dhanmondi 32 was razed by a mob with no police intervention, national commemorations were curtailed or abandoned, and school textbooks were revised to diminish the record of the independence struggle. In practice, a country's past was treated as data to be deleted. [The attack on the 1972 Constitution and the formation of the Constitution Reform body were in line with the interim administration's agenda of "resetting" the history.] Moreover, the anarchy that occurred in July and August, which resulted in the deaths of 44 police officers (as reported by the government), significantly undermined the confidence of the police administration. This undermined their capacity, weakening law and order.

The administration then dismantled every institution, constitutional and statutory, capable of restraining it, through three primary mechanisms: legislative engineering by ordinance, bypassing parliamentary deliberation entirely; targeted personnel changes effected through politically adjusted eligibility criteria; and the weaponisation of the security and judicial apparatus against political opponents. In this report, this process is referred to as "institutional capture."

"Institutional capture," as used here, refers to the process by which state institutions, designed to operate under rules that apply equally and to serve the public interest, are reoriented to serve the private interests of those who control them. The report also discusses "regulatory capture," a subset of the concept, referring specifically to the phenomenon whereby regulatory agencies, central banks, securities commissions, and similar bodies cease to act as independent arbiters and instead function as instruments of the commercial or political interests of the entities they regulate, or of those who appoint their leadership.

Both phenomena are well documented in the scholarly literature on transitional governance. What makes the Bangladesh case distinctive is the speed and comprehensiveness of the capture. Within 18 months, the administration had restructured the leadership of Bangladesh Bank, the Bangladesh Securities and Exchange Commission (BSEC), and the primary health-delivery framework; had used

anti-terrorism legislation to ban the country's largest political party; had awarded major infrastructure contracts without competitive bidding; and had created a legislative architecture through ordinances that concentrated extraordinary discretionary power in the executive. The Rights and Risks Analysis Group characterised the resulting order as a form of "ochlocracy," or rule by mob, in which formal institutions persist on paper while power is exercised through crowds, targeted prosecution, and administrative caprice.

The first instance of the judiciary's capture began on 8 August 2024, when the Chief Justice and five Appellate Division judges resigned under pressure from student groups that stormed the Supreme Court building. It is reported that 46 judges—including 4 Chief Justices and 10 Appellate Division judges—were arrested, forced to resign, or stripped of authority, and 849 lawyers were subjected to persecution across 268 separate incidents, including 200 fabricated criminal cases implicating 721 lawyers.[5] With a single appellate judge remaining in place immediately after the transition, the apex court's capacity to function as a constitutional check was effectively suspended at the moment it was most needed.

The collapse of judicial protection was mirrored on the streets: recorded mob-violence deaths more than tripled, rising from 51 in 2023 to 185 in the 11 months from August 2024 to June 2025. Within weeks of the transition, the reconstituted courts dismissed the corruption and criminal cases pending against Dr Yunus and six associates, including matters involving alleged labour-law violations at Grameen Telecom and money-laundering allegations; the speed and unanimity of that relief, arriving after the removal of judges unwilling to align with the new order, is examined in a dedicated case study.

The second instance of capture took place in the banking sector. The central bank was captured through an ordinance that deleted the statutory 65-year age limit for the office of Governor, in force for decades under the Bangladesh Bank Order, so that a preferred candidate who exceeded that threshold could be appointed.[6] The bank's institutional resources were subsequently directed to political ends, including reported allocations

[5] Sri Lanka Guardian, "When Justice Becomes a Crime: Bangladesh's War on Its Own Lawyers," 31 October 2025.

[6] Bangladesh Bank (Amendment) Ordinance, 2024. Available: http://bdlaws.minlaw.gov.bd/act-1494.html

from its Corporate Social Responsibility (CSR) account to the constitutional referendum "Yes" campaign, a "July injured and martyrs' families" fund, and the Chief Adviser's Relief Fund. In the digital-finance sector, the board of Nagad, the country's second-largest mobile financial service, was restructured and moved towards privatisation, while a digital-wallet licence was issued to a Grameen Telecom entity closely associated with the Chief Adviser personally.

In March 2025, the BSEC Chairman was besieged in his office and eventually escorted out under army guard, and the inquiry committee formed to investigate the regulator's failures was composed of industry actors subordinate to it. The capture of capital market regulators through mob instigation destabilised the overall sector, jeopardising the entrepreneurs' and investors' appetite for capital formation. No new IPO was issued. Moreover, investors alleged that BDT 90,000 crore (approximately USD 7.5 to 8 billion) was looted from the capital market in the eight months following the transition. While this claim is widely reported, it was not independently audited, so the current report treats it as an allegation rather than a verified loss.

Third, elected local government was dismantled wholesale. According to data from the Local Government Division, 493 of 495 upazila chairmen were removed, along with 988 vice-chairpersons, 323 municipal mayors, and 60 district council chairpersons, while roughly 1,416 Union Parishad chairmen—about 1 in 3—were removed from their posts, with their functions passed to appointed loyalists.[7] The resulting service-delivery vacuum enabled predatory local governance. As a result, the underprivileged and vulnerable population were deprived of receiving essential service delivery. For instance, rice meant for the ultra-poor under the Vulnerable Group Feeding (VGF) programme was diverted, fertiliser corruption estimated at around BDT 2,000 crore (approximately USD 165 million) was documented, and extortion by locally embedded movement figures became widespread.

Finally, the legislative architecture was captured through the executive's unchecked ordinance-making power. The judiciary's ineffectiveness ensured that these ordinances were never subjected to judicial scrutiny. More than 100 ordinances rewrote taxation,

[7] *Local Government Division data, reported in Jagonews24, "493 upazila chairmen removed, UNOs in charge," August 2024*; *Asian News Network*, "Bangladesh interim government removes all city mayors," 2024.

procurement, energy regulation, and the rules governing the foreign funding of civil society, none of which were subject to an independent judicial review.[8] The country's largest political party was banned under an anti-terrorism ordinance brought into force the day before it was applied.[9] A revenue ordinance sought to place generalist officers in charge of tax collection over trained tax professionals, triggering a nationwide work stoppage by revenue officials, 14 of whom were suspended for defying transfer orders. An amendment to the foreign-donation framework legalised "institutional support" from abroad, removed approval requirements for smaller donations, and placed the non-governmental organisation (NGO) coordination mechanism directly under the Chief Adviser's Principal Secretary—an arrangement raising evident conflicts of interest for an administration whose external support was closely tied to international civil-society networks.

The energy sector suffered an irreparable loss. An energy-sector amendment removed the government's legal authority to regulate tariffs in the public interest, and the ensuing energy crisis reduced ready-made-garment (RMG) output by up to 30 per cent and forced the successor government to seek USD 2 billion in emergency external financing. A procurement amendment omitted key competitive safeguards while retaining the Direct Procurement Method, which was then used for the port and infrastructure awards examined later in this report. A subsequent parliamentary review found that at least 20 of these ordinances were deliberately allowed to lapse without enactment as permanent legislation, with the result that the disruption survived while the legal instruments did not.[10]

Further, the interim administration exercised controversial treaty-making power, allegedly taken outside the formal cabinet and supported by a small circle around the Chief Adviser popularly described as the "kitchen cabinet."[11] It was this inner circle that

[8] *The Daily Star, "Key reform ordinances left to expire," 3 April 2026*.

[9] Bangladesh Gazette (Extraordinary), Anti-Terrorism (Amendment) Ordinance, 2025, 11 May 2025*; Human Rights Watch, "World Report 2026: Bangladesh," 2026.*

[10] *The Daily Star, "Key reform ordinances left to expire," 3 April 2026*.

[11] bdnews24 Bangla, "অন্তর্বর্তী সরকারের বড় সিদ্ধান্ত হত কেবিনেটের বাইরে: সাখাওয়াত" [Major decisions of the interim government were taken outside the cabinet: Sakhawat], 28 February 2026.

negotiated a major defence treaty with the US, signalling an unprecedented geopolitical realignment towards Washington—the first of its kind since Bangladesh's independence in 1971. Several advisers, including the Law Adviser, conceded that they were unaware of the treaty's contents, which reportedly grant the US potential access to Bangladeshi territory in times of war. Whether an unelected government possesses the constitutional authority to conclude such a treaty is a question properly subject to judicial review. Yet with the judiciary crippled by mob violence, that question was never raised.

None of these measures can be characterised as reform, which the interim administration pledged when assuming office. They amounted to the systematic removal of every institution capable of checking executive power—carried out by an administration that had promised to restore precisely those institutions. That contradiction, between the promise and the record, is what this report documents. The reset metaphor described it exactly: decades of accumulated law, precedent, and administrative practice were wiped away like an old configuration, and what was installed in their place answered to nobody.

1.3 Governance and Corruption Indicators under the Interim Administration

The administration justified its capture of the state's institutions as a "reform" against corruption. Corruption in Bangladesh is an undeniable reality, as evidenced by the country's historically poor standing on global corruption indices; this report does not dispute it. But an administration formed on an anti-corruption mandate incurs two obligations: to reveal corruption through data collected using transparent, verifiable methods, and to withstand the same audit it applies to others. The interim administration failed in both of its objectives. As part of their anti-corruption campaign, they published a white paper detailing the corruption of the previous government. However, the main corruption claim presented in this document relied on a flawed methodology that does not hold up under examination, as discussed in Section 1.4. Furthermore, when evaluated using available independent indicators, the administration's own record worsened rather than improved.

The indicators are consistent in direction. Transparency International Bangladesh (TIB), in a survey of households conducted across the country during the first year of interim

rule, found BDT 12,633 crore (approximately USD 1.03 billion) paid in bribes for everyday public services—15.9 per cent more than under the government the interim administration had replaced—with the judiciary recording the highest average bribe of any sector.[12] Deposits linked to Bangladeshis in Swiss banks, which had fallen to a record low of CHF 17.7 million at the end of 2023 under the previous elected government, stood at CHF 834 million by the end of 2025 under the interim administration.[13] The Chief Prosecutor of the International Crimes Tribunal (ICT) was accused, in a recorded conversation, of demanding BDT 1 crore (approximately USD 82,000) to arrange bail for a political prisoner.[14]

The pattern of preferential treatment extended to the highest levels of the interim administration. The Chief Adviser's personal commercial network reportedly received a five-year tax waiver, a digital wallet licence, expedited approval for a university, a workforce export licence, and the dismissal of six criminal cases.[15] A port terminal handling approximately two-fifths of the country's trade was awarded within 12 days without a competitive tender, while a satellite internet licence was approved in just 34 days following personal instruction. At the same time, students who had marched against extortion were arrested on extortion charges.

Unlike an elected government, however, the interim administration was not accountable to the courts, parliament, or ultimately, voters for its decisions, tenure, or alleged mismanagement with potentially long-term consequences for Bangladesh's economy. This report seeks to address that accountability gap by establishing a transparent, evidence-based framework grounded in reliable data.

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[12] TIB, *Corruption in service sectors: National household survey 2025,* June 2026; *TIB survey reported in The Business Standard, June 2026.*

[13] SNB, *"Banks in Switzerland,"* annual banking statistics, 2025 edition; *R. K. Byron, The Daily Star, "Swiss Banks: Bangladeshis' deposits surge 41%,"* 19 June 2026.

[14] Prothom Alo English, "Audio of prosecutor demanding Tk 10m is 'genuine': Fact-finding committee," 22 April 2026; follow-up reporting, 2026.

[15] Jagonews24, "Grameen Bank gets tax exemption back till 2029," 2024; *The Business Standard*, "Grameen Telecom entity gets digital wallet license from BB,", 2025; *Jagonews24, "SC dismisses graft case against Yunus," 23 April 2025.*

The report estimates gross domestic product (GDP) growth at 3.49 per cent,[16] the weakest rate in two decades, against a pre-transition trend of 6.5 to 7 per cent. The shortfall implies foregone output of USD 11 to 14 billion in FY2025 alone, with additional losses in FY2026 mentioned in Chapter 5. The banking system's NPL (non-performing loan) ratio peaked at 35.73 per cent, the highest in Asia, with the gross stock trebling in 15 months.[17] The labour force shrank for the first time since 2010, resulting in a net loss of 1.74 million workers, with women experiencing the majority of job losses.[18] The development budget was executed at 11.5 per cent, the lowest rate on record. Vaccine stocks were exhausted, and over 810 children died of measles—a number Bangladesh has not seen in 20 years.[19] Days before leaving office, the administration signed a 15-year trade and energy agreement binding its elected successors.[20]

Chapter by chapter, the report counts losses which amount to USD 80 to 112 billion over 18 months—roughly USD 470 to 660 per citizen—with the financial system absorbing two of every five dollars. Beyond the reporting window, commitments and exposures of a further USD 16 to 30 billion already fall on future budgets. Chapter 3 presents an alternative calculation, using a simulation that prices the aftermath in terms of GDP itself; it places the median forward loss at USD 89 billion over five years and indicates that a decade of unrepaired institutions would cost several times more. No forward-looking figure is added to the counted total. They are presented separately as the shadow the reporting window casts.

[16] BBS, *Gross domestic product and national accounts estimates FY2024-25*, revised estimates; The Business Standard, "GDP growth for FY25 slips to 3.49%," 2026.

[17] Bangladesh Bank, *Financial stability report 2025*; *Jagonews24, "Default loans reach Tk 6.44 lakh crore," 2025.*

[18] Bangladesh Bureau of Statistics (BBS), Labour Force Survey 2024, Dhaka: BBS, 2025.

[19] UNICEF, *Humanitarian situation reports, Bangladesh measles outbreak,* 2026.

[20] Agreement Between the United States of America and the People's Republic of Bangladesh on Reciprocal Trade, signed 9 February 2026. Available: https://ustr.gov/

1.4 The White Paper's USD 16 Billion Estimate: A Methodological Assessment

On 1 December 2024, a committee commissioned by the administration and chaired by the economist Debapriya Bhattacharya delivered a white paper asserting that some USD 234 billion was siphoned abroad between 2009 and 2023, with an average of USD 16 billion each year,[21] The figure was circulated internationally as fact and became the administration's standing justification for its programme of reckless and unchecked institutional reconstruction.

The committee's conclusion of USD 16 billion per year, roughly double the higher of the two published estimates, rests on no internationally accepted methodology. It rests substantially on Global Financial Integrity's (GFI) trade misinvoicing method, which infers illicit flows from discrepancies between the trade figures Bangladesh reports and those reported by its trading partners,[22] The gap between the underlying data and the headline number is considerable. Estimates of illicit financial outflows from Bangladesh vary widely by source: TIB has reported an annual figure of approximately USD 3 billion. In contrast, GFI's own estimate averages about USD 8.7 billion per year, and GFI's country coverage for Bangladesh does not span the full 15-year period, so missing years were filled by extrapolation.

The white paper presented a modelled and extrapolated average as a measured flow, which was a flawed method. GFI itself publishes its estimates hedged with caveats, because mirror statistics diverge for reasons unrelated to illicit activity—shipping lags, re-exports through third-country hubs, classification differences, and exchange-rate timing—and because the method cannot identify a single transaction, name a single beneficiary, or distinguish theft from statistical noise.

The methodological weaknesses extend beyond the headline number. The white paper rests on some 60 stakeholder consultations, secondary research materials, and anecdotal

[21] Committee for the White Paper on the State of the Bangladesh Economy (chair D. Bhattacharya), *White paper on the state of the Bangladesh economy*, Dhaka, submitted 1 December 2024.

[22] *The Business Standard*, "$16b siphoned off from Bangladesh every year during AL rule: White paper," December 2024; GFI, *Trade-related illicit financial flows*, country reports and methodological annexes, various years.

evidence, without documented mechanisms to triangulate those qualitative inputs against independent quantitative data, without any stated peer-review process, and without explaining how it reconciled conflicting stakeholder views—conditions under which confirmation and selection bias operate unchecked.

Where the report does engage quantitative claims, the problems persist: it asserts that GDP growth was "overstated" based on the committee's declared "shared lack of trust" in official data rather than any alternative measurement, contradicting the IMF's own Article IV assessments of the same period; it computes its own Gini coefficient to place Bangladesh among the most unequal countries in the world, exceeding 0.50, when the World Bank's assessment for 2022 stood at 0.334; and its chair simultaneously maintained that Bangladesh remained on track for graduation from least-developed country (LDC) status by 2026, a position irreconcilable with the report's portrait of a hollowed-out economy.

The circumstances of the report's production compounded these defects. The committee produced its four-hundred-page document in roughly 90 days, a constraint it acknowledged as a "paucity of time and resources," without forensic audit powers, without access to banking or transaction records, and for the government whose legitimacy the number would serve to anchor, a structural conflict of interest that no disclosure in the document acknowledges. Contemporary reviewers, including a published critique dissecting the white paper's methodological biases, identified these limitations at the time, to little effect.[23]

To reduce the risk of using an incorrect methodology, this report omits mirror statistics from all totals on both the left and right sides of the political spectrum. The decade-scale misinvoicing figure that circulates in Bangladesh's public debate is noted and excluded in the relevant chapters. This distinction defines the character of the present document. The administration that prepared the white paper accusing the previous government of massive corruption apparently did not address the corruption issue itself. Furthermore, the channels through which funds were leaving the country remained open under the

[23] *The Financial Express*, "Review of the white paper on Bangladesh economy," 2024. See also S. Gazi, "*Dissecting the biases in methodology: Is the white paper credible?*," *BD Digest*, December 2024.

interim administration; in fact, evidence suggests that these channels expanded during the 18 months.[24]

1.5 Comparative Indicators: June 2024 and the Interim Period

This section compares the state of the economy and of public services at two points: June 2024, which was the final full month of the elected government's tenure before the unconstitutional transfer of power, and the latest available readings from the interim period. The figures are drawn from a compilation of official series—the BBS, Bangladesh Bank, the Directorate General of Health Services (DGHS), and the Bureau of Manpower, Employment and Training (BMET)—together with market price monitoring and industry reporting.[25] [26] [27] Consistent with the evidentiary standard set out in Section 1.4 and the methodology outlined in Chapter 2, they are presented as indicative rather than audited. Wherever the body of this report has produced its own triangulated estimate, that estimate is shown alongside. Several endpoint readings fall in the months after the 28 February 2026 scope close and are shown as post-scope context.

Table 1.1 Macroeconomic, external, and fiscal performance

Indicator	June 2024	Yunus period, latest	Report estimate or note
Real GDP growth	6.7% (2009 to 2024 average)	3.8%	FY2025 actual 3.49% (Chapter 5)
Nominal GDP	USD 468 billion	USD 398 billion	Contraction consistent with Chapter 5
GDP per capita	USD 2,793	USD 2,529	
Inflation, point-to-point	9.41%	10.66%	Food inflation elevated, Chapter 5

[24] SNB, "Banks in Switzerland," annual banking statistics, 2025 edition; *R. K. Byron, The Daily Star, "Swiss Banks: Bangladeshis' deposits surge 41%," 19 June* 2026.

[25] BBS; Bangladesh Bank; IMED; DGHS; and BMET—compiled comparative socioeconomic indicators, June 2024 and 2026 (compilation; figures indicative).

[26] Department of Agricultural Marketing and TCB, retail price monitoring and market price compilation, June 2024 and June 2026.

[27] Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and sector reporting on the RMG and textile industry, 2024 to 2026.

Unemployment rate	5.4%	9.4% (Feb 2026)	Labour force net loss: 1.74 million
Poverty headcount	18.7%	27.8%	BBS latest
Extreme poverty	5.6%	10.2%	
Net FDI	USD 3.45 billion (2023 stock)	USD 198 million (FY2025-26)	Lowest in a decade, Chapter 7
ADP implementation	86.22% (12-year average)	27.29% (FY2025-26)	Report uses 11.5% for the sharper-in-year figure
Overseas employment	about 680,000 per year	about 202,000 over 22 months	
Revenue shortfall against target	BDT 11,151 crore (Jul to Sep 2023)	BDT 43,875 crore (Mar to May 2026)	

The direction is uniform. Growth roughly halved against the 15-year average. Per capita income fell even in nominal dollars—a rare event outside a recession—and inflation climbed while output shrank, a combination no policymaker wishes to see.

The heading that should most concern a reader is poverty. After a 15-year decline that had carried the headcount down to 18.7 per cent and extreme poverty to 5.6 per cent, both reversed: the headcount to 27.8 per cent and extreme poverty to 10.2 per cent, which on a population of near 170 million means of millions of people falling back below the line. Net FDI all but disappeared, from a multibillion-dollar stock to under USD 200 million, corroborating the investment collapse quantified in Chapter 7.

Aggregate indicators, however, understate what households actually experienced. Table 1.2 translates the macroeconomic reversal into the prices a household pays at the market, comparing June 2024 against June 2026—a post-scope endpoint, used because retail prices continued to carry the period's effects beyond the formal window. The items are those of an ordinary household basket: staples, proteins, vegetables, fuel, and the two traditional stores of value, namely, hilsa and gold.

Table 1.2 Household budget, retail prices

Item (unit)	June 2024 (BDT)	June 2026 (BDT)	Change
Coarse rice, per kg	42	67	+60%
Fine rice, per kg	62	92	+48%

Flour, loose, per kg	38	58	+53%
Soybean oil, loose, per litre	142	197	+39%
Sugar, loose, per kg	118	142	+20%
Lentil, fine, per kg	108	176	+63%
Onion, local, per kg	40	55	+38%
Garlic, per kg	100	180	+80%
Dried chilli, per kg	280	370	+32%
Broiler chicken, per kg	140	210	+50%
Beef, per kg	580	820	+41%
Hilsa fish, per kg	1,200	3,200	+167%
Egg, per four	38	52	+37%
Potato, per kg	22	40	+82%
Green chilli, per kg	100	240	+140%
Tomato, per kg	45	140	+211%
Diesel, per litre	104	115	+11%
LPG, 12 kg cylinder	1,242	1,550	+25%
Residential electricity, per unit	7.50	12.10	+61%
Urea fertiliser, per kg	21	29	+38%
Iodised salt, per kg	25	48	+92%
Gold, 22 carats, per vori	110,000	242,000	+120%

Rice, the single largest item in a poor household’s budget, rose by roughly half, and the vegetables that fill a working family’s plate rose far more—tomato by over 200 per cent, with green chilli close behind. The pattern matters politically as well as economically: the uprising that brought the administration to power drew much of its force from the cost of living and the scarcity of work, and the period that followed delivered more of both. Even the two items households buy to store value rather than to eat—hilsa at festival time and gold—more than doubled in price, a rough gauge of how far the currency’s domestic purchasing power had slipped.

Prices measure the immediate cost of the period; human development indicators measure its lasting cost. Table 1.3 presents the health and education readings—the

indicators that move slowly, respond only to sustained institutional performance, and take years to recover once lost.

Table 1.3 Human development

Indicator	June 2024	Yunus period, latest	Note
Maternal mortality, per 100,000	136	187	Reverses a fall from 351 in 2007
Neonatal mortality, per 1,000	19	29	
Government hospital beds	71,000	No new capacity	
Community clinics	14,311	Effectively idled	Chapter 5, health
Primary school dropout	13.13%	24.46%	
Free textbooks distributed	about 45.2 million per year	about 19.7 million (2026)	Year opening book festival cancelled
New primary teachers recruited	238,579 (2009 to 2023)	None; 2024 recruitment cancelled	
Literacy rate	77.8%	No increase reported	

Maternal and neonatal mortality are the sternest test because they move only when a health system is failing in earnest. Maternal deaths rose from 136 to 187 per 100,000 and neonatal deaths from 19 to 29 per 1,000, reversing two decades of hard-won progress.

Education tells the same story of momentum loss. The primary dropout rate nearly doubled, free textbook distribution fell by more than half, with the year-opening book festival cancelled, and not a single new primary teacher was recruited, even as the completed 2024 recruitment round was annulled. None of these losses is quick to repair.

When incomes fall and prices rise, the burden of protection shifts to the state's safety-net programmes. Table 1.4 compares the principal social protection and public service programmes at the June 2024 baseline with their status under the interim administration.

Table 1.4 Social protection and public service programmes

Programme or service	June 2024	Yunus period, latest
Ashrayan houses handed to families	238,851 (2020 to 2022)	0
TCB subsidised family cards	10 million	7.7 million
VGF food support	151,328 MT	39,801 MT
Food for work grain (Kabikha)	85,342 MT	1,254 MT
Day care centres in workplaces	6,430	No new; some closed
Water management projects implemented	92	0
Disaster preparedness volunteers trained	77,200	0
Flats built for public employees	7,958	0

The *timing* is the point. As the poverty headcount climbed, the instruments that cushion poverty contracted. Subsidised food support through the VGF programme fell to about a quarter of its previous volume, food-for-work grain fell to almost nothing, the free housing programme stopped entirely, and the subsidised family card that helped low-income households buy essentials was cut from 10 million cards to under 8 million. A safety net is most needed precisely when incomes fall, and this one was withdrawn as they did.

The comparison closes with a single sector examined in depth. Table 1.5 presents the RMG and textile industry—the economy's principal export engine, its largest formal employer of women, and the sector in which the period's macroeconomic, industrial, and social costs converge most visibly.

Table 1.5 Ready-made garment and textile sector

Indicator	June 2024 or baseline	Yunus period
RMG and textile exports (FY2024–25)	About USD 42 billion	About USD 37 billion
Factories closed	Baseline operating	More than 500 by November 2025
Jobs lost in the sector		Nearly 500,000
Women workers in RMG	4.41 million	3.44 million
Corporate tax on textile mills	15%	27.5% (FY2025-26)
US reciprocal tariff	None	37% (April 2025)
Annual wage increment	5%	9% (from January 2025)

The garment sector concentrates several of the report's themes in one place. Export earnings slipped from about USD 42 billion to USD 37 billion, more than 500 factories closed, and the women who make up roughly 7 in 10 garment workers bore the heaviest cost, their numbers falling from 4.41 million to 3.44 million.

The waves of arson and looting that struck industrial belts in Ashulia, Savar, Gazipur, and Narayanganj fell heavily on plants owned by figures associated with the former ruling party; the targeting pattern is examined as an investigative question in Chapter 9.[28] On top of that came a rise in the corporate tax on textile mills from 15 to 27.5 per cent, a US reciprocal tariff of 37 per cent from April 2025, and a slow loan rescheduling process at the central bank that industry bodies link to the distress of hundreds of units.

[28] BGMEA and sector reporting on the RMG and textile industry, 2024 to 2026.

Figure 1.1 The structure of the report: institutional capture and the four accounts of its cost



Note: Chapter totals and the midpoints shown here are previewed from the chapter tables and are derived in Chapter 3. Ranges are the counted in period estimates; forward liabilities are reported separately and are never added to the counted total.

The comparison here simply establishes the starting point, a country that in June 2024 was growing, lending, vaccinating, schooling, and exporting, and the state of the same indicators once the window had closed. The rest of the report explains how the distance between the two columns (pre-Yunus and during Yunus) was travelled, and Chapter 9 asks *who* should answer for it.

1.6 The Shape of This Report

Chapter 2 sets out the methodology, the loss framework, the counting rules, and their limits. Chapter 3 consolidates the estimates, sets out the forward-looking liabilities that fall on future budgets, and regroups the losses by theme. Chapters 4 to 8 carry the evidence. Chapter 4 documents the institutional capture from which the rest follows, and Chapters 5 to 8 account for what it cost: economic mismanagement, banking and finance, private investment and business infrastructure, and the losses that fit no ledger neatly: education, tourism, refugees, the environment, and the value transferred to the ruling network. Chapter 9 lists the questions that demand investigation with powers this report does not possess, and Chapter 10 concludes. Figure 1.1 sets out that structure and previews the counted totals, each of which is derived in Chapter 3. The report measures losses, not offsets, and says so; it labels allegations as allegations, excludes what it cannot verify, and leaves a register of harms it refuses to price.

CHAPTER 2

Methodology

This chapter sets out the research design that governs the report. It defines and classifies loss, explains the construction of the counterfactual, states the rules by which claims are verified and attributed to the interim administration's policy conduct rather than to inherited conditions or external shocks, and describes the consolidation of sectoral estimates. The conventions were applied uniformly across all chapters in the harmonisation of this edition. Several of them are there for one purpose: to guard against the directional bias to which an exercise of this kind is exposed. Loss accounting can overstate its case in two ways: by projecting an optimistic counterfactual and by summing overlapping harms. The bottom-up counting rule, the memo-item discipline, the separation of forward-looking liabilities, and the attribution rules each close off one of those routes.

2.1 Research Design and Objectives

The report employs a quantitative-led, mixed-methods assessment of the economic, institutional, and social consequences of institutional and regulatory capture under the interim administration led by Dr Muhammad Yunus. Its central objective is to account for, and to estimate with explicit ranges, the magnitude of losses attributable to the administration's policy conduct across the major sectors of the economy and the principal institutions of the state.

The design is comparative and counterfactual in logic. Observed outcomes are measured against a reasoned and deliberately conservative account of what would plausibly have occurred had the country remained on its pre-2024 development path, adjusted downward for the weaknesses already present in that path.

The approach is conservative by rule. Where judgement is required, the assumption least favourable to the report's own headline conclusions is adopted. Losses are reported disaggregated by type rather than collapsed into a single number that would obscure their differing reliability. No figure enters more than one chapter total; the aggregation

rules in Sections 2.7 to 2.10 assign each loss to a single location and govern how the chapter totals combine.

2.2 Period and Scope of Analysis

The common analytical window runs from 8 August 2024, the date of the unconstitutional transfer of executive power, to 28 February 2026. All estimates that enter the chapter totals and the consolidated figures are measured over this identical window so that they are additive on a consistent time basis. Sources published after the close of the window are cited only where their reference period falls within it. Events and data points falling after 28 February 2026, such as the deaths during the measles outbreak recorded from mid-March 2026 and the March 2026 credit growth reading, are labelled as post-scope context wherever they appear and are not counted in the conservative estimates. Where a statistical series extends slightly beyond the window and no in-scope observation exists, the figure is carried for context only and marked accordingly.

The pre-transition baseline draws principally on fiscal years 2015 through to 2024: a span long enough to establish a stable trend yet recent enough to reflect the economy's contemporary structure. The banking chapter (Chapter 6) uses the June 2024 quarterly reporting date as its measurement baseline, the final supervisory observation before the transition.

2.3 Evidence Base and Source Hierarchy

The analysis rests exclusively on publicly available evidence, assembled into catalogued research databases of more than 1,000 entries (including 592 published news articles supporting the banking and finance analysis and 269 catalogued reports supporting the institutional capture analysis), together with two research workbooks compiled by the authors from existing published economic reports.

Sources are ranked in three tiers by evidential weight. The first tier is primary statistical and legal material: official series from the Bangladesh Bureau of Statistics (BBS), Bangladesh Bank, the Export Promotion Bureau, and the National Board of Revenue (NBR); World Bank, IMF, and United Nations (UN) data; and the primary texts of

ordinances and gazette notifications on the official legislative portal. The second tier is institutional and expert reporting: regulatory review committees, the Centre for Policy Dialogue (CPD), the Institute for Energy Economics and Financial Analysis, (IEEFA), TIB, industry associations, and comparable bodies. The third tier is credible secondary journalism, used to corroborate, date, and contextualise events rather than to originate quantitative claims.

Where a secondary source conflicts with a primary source, the primary source governs, and the discrepancy is noted. Where a national official series cannot be validated against World Bank or IMF data and is material to an estimate, the independently validated figure is preferred. This scepticism is applied symmetrically to baseline-period and analytical-period data (the principle of symmetric scepticism introduced in Chapter 1), so that the predecessor government's statistics are not granted a reliability the interim administration's statistics are denied.

2.4 Triangulation, Independence, and Provenance

Every material quantitative claim is subject to a triangulation requirement, and corroboration is weighted rather than merely counted. A claim supported by a single traceable source is flagged as unverified and excluded from the headline estimates, a claim corroborated by two independent sources is treated as probable, and a claim corroborated by three or more is treated as established. Independence is assessed at the level of the underlying data, not the number of outlets: where several reports are traced to a single original claim, they count as one source. This rule prevents the recirculation of a single assertion from being mistaken for independent confirmation, a real hazard in a polarised information environment. Figures that originate as claims by affected parties, such as the investor allegation that roughly BDT 90,000 crore was looted from the capital market, are labelled as allegations, marked Type II* in the loss tables, and excluded from every conservative aggregate.

2.5 The Three-Type Loss Framework

Every quantified loss in this report is classified into one of three types.

Type I losses are opportunity losses: the difference between what Bangladesh would have produced, exported, attracted in investment, or collected in revenue under its established and conservatively anchored trajectory, and what it in fact achieved. They are real in the sense of foregone welfare, but they are modelled rather than observed.

Type II losses are actual output and asset losses: absolute declines in production, exports, or service delivery against the prior period, and measurable destruction or transfers of asset value. They are the most directly measurable category and carry the greatest weight in total.

Type III losses are cost-differential losses: cases where an activity was performed but at a cost materially above the relevant historical, regional, or international benchmark. The report counts Type III items at the documented differential borne by the public purse or by households, which is an incidence measure. Where a differential is better understood as a distributional transfer than as destroyed output—notably the consolidated Grameen valuation in Chapter 8—it is reported as a reference and distributional figure rather than added to the counted totals.

Many events generate more than one type simultaneously, and composite labels (Type I/II, Type II/III) are used where the components are inseparable. Two further markers complete the scheme. Type II* denotes unaudited allegations and indicators of uncertain composition, which are always excluded from conservative aggregates. Stress scenarios—principally the IMF and World Bank recapitalisation ranges—sit outside the typology altogether and are never added to any total.

2.6 Counterfactual and Baseline Construction

Because Type I estimates depend wholly on the counterfactual, the baseline is treated as the single most contestable element of the analysis and is constrained before any projection is made.

First, the reliability of the baseline data is directly scrutinised. Pre-2024 growth statistics for Bangladesh were repeatedly challenged by the IMF, the World Bank, and

independent economists. Reports in December 2024 indicated that growth had been overstated by approximately 3.5 percentage points during the previous government. The report therefore does not project official peak performance forward. Counterfactual anchors are set below the official pre-2024 averages (a 6.0 per cent trend anchor against an official trend of around 7 per cent in the growth-related estimates, for example), and the remaining dependence on the baseline is stated wherever it is material.

Second, the counterfactual consideration incorporates the existing deterioration present prior to August 2024. Key indicators such as reserves, inflation, youth unemployment, and the quality of banking assets were already exhibiting signs of weakness before the transition of power. Consequently, the losses that had commenced prior to this transition cannot be attributed to the subsequent administration.

Third, where neither a clean trend nor a clean regional comparison is available, the counterfactual is built bottom-up from the sector's structural drivers, and the assumption is stated so that a reader who disputes it can trace its effect through the estimate.

2.7 Bottom-Up Estimation and the GDP Cross Check

The report's totals are built bottom-up from documented sector-level and event-level losses. No economy-wide GDP aggregate is counted in any chapter total or in the consolidated figure. The GDP opportunity loss, estimated in Chapter 5 at USD 17 to 22 billion over the window, is reported as a memo item and serves a single purpose: it is a top-down cross-check on the bottom-up sum. The counted sector losses, taken together with the investment and credit channel losses quantified in Chapters 5 and 6, are of the same order of magnitude as the aggregate GDP shortfall. Because neither route is derived from the other, their convergence supports the internal consistency of the estimates. Sectoral Type I items such as foregone agricultural growth, the FDI shortfall, and the investment registration collapse are channel losses and are counted once, even where they bear on the narratives of several chapters.

2.8 Duplication Control and Chapter Homes

Each quantified loss has an analytical home, assigned by a priority rule that aligns with the report's architecture. The rule works by channel: a loss is counted where its transmission mechanism sits, not where its effects are most visible.

When public authority is transformed into private benefit—whether through institutional capture, the misappropriation of public resources, documented corruption, or systemic bribery—the resulting losses are examined in Chapter 4. Chapter 5 provides an overview of macroeconomic decline and details the resulting GDP losses. It also addresses how institutional and regulatory capture impacts various sectors of the economy, contributing to further economic setbacks.

Chapter 6 deals with the banking system, the wider financial sector, and the capital market. Chapter 7 covers losses arising from investment and the business environment, including FDI, logistics, and industrial infrastructure, and includes three event-driven items alongside them: gas-crisis production loss, extortion, and the destruction of business property. Chapter 8 covers the social and residual categories, from education and tourism to humanitarian, telecom, remittance channel, and environmental estimates, and includes the reference valuation of the Grameen nexus.

Where a loss is relevant to more than one chapter's narrative, the discussion is retained in every relevant chapter because each chapter serves a distinct analytical purpose; but the figure appears in the loss tables of the non-counting chapters with the explicit mark "counted in Chapter X, excluded here." Cross-references in both directions make every allocation traceable.

2.8.1 Memo Items, Indicators and Transfers

A disciplined category of memo items surrounds the counted estimates. These are reported for transparency and analytical completeness but are never added to totals. They comprise the following: channel indicators whose economic effects travel through losses already counted, such as the foregone private credit gap and the government's crowding-out of bank lending; alternative measurements of a counted loss, such as the provisioning shortfall reported beside the loss-given-default (LGD) estimate; liability accumulation, such as the external debt stock, which is not a realised loss; timing effects,

such as withheld IMF tranches; modelled population-level estimates that lack a documented loss trail, such as the mental health burden; flow-diversion indicators, such as the foreign exchange (FX) reserve effect of informal remittance channels and the surge in Bangladesh-linked deposits in Swiss banks; unaudited allegations, marked Type II*; and distributional reference valuations, principally the consolidated Grameen transfer table, a portion of which is counted once in Chapter 4.

The memo discipline is the report's principal defence against the double counting to which loss accounting of this kind is exposed.

2.8.2 Forward-Looking Liabilities

Commitments and exposures whose costs fall beyond 28 February 2026 are separated from in-period losses without exception. They are reported under dedicated headings, and they are never added to the headline totals.

The forward register comprises: the lifetime liabilities of above-benchmark energy contracts; the 15-year liquefied natural gas (LNG) commitment; the tariff concessions of the US trade agreement; the non-competitive port concessions; the Starlink licence terms; the remaining years of the Grameen Bank tax waiver; the post-scope portion of the Matarbari delay premium; the future disease burden of the immunisation coverage collapse; and the long-term human-capital scarring of displaced workers and expelled students.

Each forward item is quantified once; items relevant to more than one chapter are cross-referenced rather than relisted. The 20-year deferral of banking provision shortfalls is noted as the future fiscal incidence of losses already counted in Chapter 6, and it contributes to no aggregate anywhere in the report.

2.9 Attribution: Inheritance, Aggravation and Limits

The report treats attribution as an evidential question and distinguishes three categories of loss. Capture losses arise when public authority is converted to private or factional gain; they carry the strongest attribution because a specific documented action precedes a specific outcome through a traceable mechanism. Accountability-vacuum losses arise where an unaccountable government fails to perform tasks an accountable one would

be compelled to perform; these are cases of negligence with no identified beneficiary. Inherited and aggravated losses arise where the administration worsened structural problems it did not create; here the inherited stock is separated from the post-transition increment, and only the aggravation is counted.

Four key applications account for the majority of the issues at hand. The operational deficit of approximately USD 4.6 billion for the Bangladesh Power Development Board (BPDB) at the beginning of the period is excluded, as it is considered inherited. The findings regarding National Review Committee (NRC) contract overpricing are reflected only in the share corresponding to new contracts and the failure to renegotiate existing ones. For the flood losses in 2024, only the impact post-5 August is included, which has been exacerbated by documented response failures. The banking chapter (Chapter 6) presents a disclosure-adjusted floor that treats the initial months of the rise in NPLs as primarily the recognition of previously concealed impairments.

The report also recognises the limits of the method. Cross-sectoral co-movement corroborates attribution but does not identify it formally, and where the evidence does not permit a clean separation, the report says so rather than resolving the ambiguity in favour of its own thesis.

Every chapter total is expressed as a range rather than a single point, with the width of each range determined by specified parameters rather than subjective judgement. In the banking chapter, for instance, the range spans from a disclosure-adjusted floor of USD 17.5 billion to USD 27.3 billion, based on a 75 per cent LGD assumption. The central estimate stands at USD 25.5 billion under a 70 per cent assumption, reflecting historical recovery rates of 25 to 35 cents on the dollar.

Sectoral tables in Chapters 6 and 8 carry explicit confidence labels from High to Low, and items graded Low are either counted at conservative values or held as memo items. The loss tables state, item by item, the basis of each estimate. Losses that are real but cannot be supported by at least two independent quantitative sources are excluded from all aggregates and gathered in the register of identified but unquantified losses in Section 8.5, so that conservatism is visible rather than silent.

Monetary figures are reported in Bangladeshi taka (BDT) with US dollar equivalents, or directly in dollars where the underlying analysis is dollar-based. Flow losses accruing

over the window are converted at BDT 115 per US dollar, approximating the period-average market rate; stock figures measured at the December 2025 valuation date use BDT 119. Where a period-specific rate materially affects an individual figure, that rate is used and noted. The BDT depreciated approximately 8.2 per cent over the period, and the depreciation itself is classified separately to avoid double counting.

Fiscal years follow the Bangladeshi July-to-June convention and are labelled FY with the closing year. Where sources report in crores or lakhs, we retain the original figure and provide the international equivalent. Population is taken as approximately 170 million and FY2025 nominal GDP as approximately USD 460 billion for all per-citizen and per-share-of-output comparisons.

2.10 Limitations and the Direction of Bias

The report is subject to limitations. First, the counterfactual is unavoidably model-dependent, and a reader who rejects the conservative trend anchors will arrive at different Type I figures. The report responds by anchoring below the official averages and by stating the dependence wherever it is material. Official statistics produced during a period of contested governance may be revised; triangulation mitigates this risk but does not eliminate it. Several series remain provisional, and some estimates will warrant revision when final data become available.

Second, the scope of measurement inherently limits the results. No effort is made to symmetrically account for stabilising actions, avoided costs, or the harms that a continuation of the previous trajectory would have incurred. Consequently, the totals should be interpreted as gross losses under the specified counterfactual rather than as a net change in welfare. Additionally, a conservative estimate for each individual figure does not mitigate this selection bias, as it stems from the specific metrics used for measurement. To address this, safeguards include the separate reporting of loss types, memo and forward disciplines, attribution rules, stated ranges, and this explicit acknowledgement of the design’s inclination. Collectively, these measures aim to ensure that the quantitative claims are reproducible by an independent analyst utilising the same public sources.

2.11 Ethical Considerations

The research is based solely on publicly available materials and does not involve any human subjects, private data, or confidential records. Individuals are mentioned only when they currently hold or have held public office, or when their actions are already publicly documented through official proceedings or reputable reporting. When allegations pertain to named individuals, the report clearly states their evidential status and presents no unproven claims as fact. The objective throughout is to provide an assessment that can withstand expert scrutiny rather than to serve as advocacy. The conventions outlined in this chapter ensure that the report's conclusions adhere to this standard.

CHAPTER 3

Summary of the Overall Economic Losses

This chapter brings together the five dimensions of mismanagement and the losses arising from them. It reports the chapter estimates and the consolidated total, sets out the forward-looking liabilities that fall on future budgets, and then regroups the losses by theme. Every figure here is taken from the chapter tables without adjustment. The counting rules of Chapter 2 apply throughout: each loss appears once, the economy-wide GDP estimate is used only as a cross-check, and nothing in the forward table is added to the in-period total.

3.1 The Consolidated Estimate

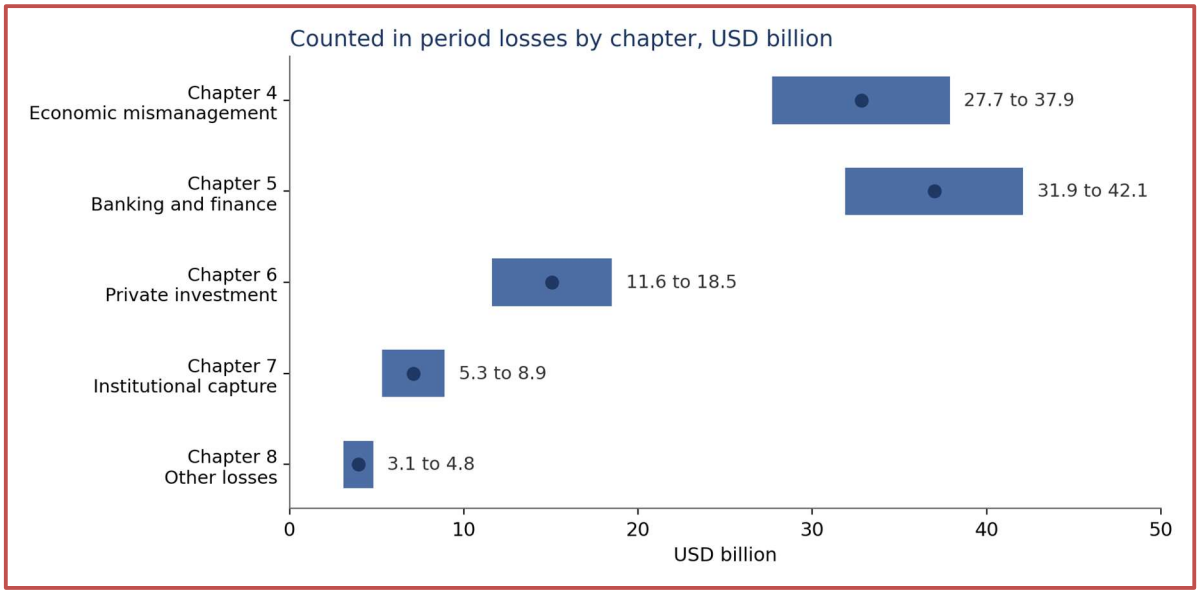
The counted in-period loss across the five substantive chapters is USD 79.6 to 112.2 billion, or roughly USD 80 to 112 billion, over 18 months. The midpoint sits near USD 96 billion. Against a population of about 170 million, this is USD 470 to 660 per citizen, and against FY2025 output of about USD 460 billion it equals between 17 and 24 per cent of one year of GDP. These are gross losses under the stated counterfactual rather than a net welfare change, and the ranges are built from the item-level bounds in each chapter rather than from a single judgement.

Table 3.1 A summary of the losses from mismanagement (USD billion)

Chapter	Coverage	Low	High
Economic mismanagement	Energy, employment, agriculture, trade, infrastructure, health, local governance	27.7	37.9
Banking and finance	Credit losses, regulatory governance, Nagad, capital market	31.9	42.1
Private investment and business infrastructure	Investment flows, credit channel, ADP, business environment, logistics, gas crisis	11.6	18.5
Institutional capture	Rule of law, captured regulators, diversion, systemic bribery	5.3	8.9

Other losses	Education, tourism, Rohingya funding, telecom, remittances, environment, GBV	3.1	4.8
Total counted, August 2024 to February 2026		**79.6**	**112.2**
Memo. GDP opportunity loss (context and cross-check, not counted)	Chapter 5	17	22
Memo. Banking stress scenario (never counted)	Chapter 6	85	and above

Figure 3.1 Losses by chapter



Notes: Bars show the low-to-high range; dots show the midpoint.

Two features of the table deserve a plain statement. The first is that the total is smaller than a casual reading of earlier drafts would have produced. Earlier versions of the five chapters, summed naively, gave numbers above USD 200 billion because the same banking crisis, the same GDP shortfall, and the same port disruptions appeared in more than one chapter. The harmonisation removed that double counting, and what remains is the defensible core. The second is that the bottom-up total can be checked from the top down. The GDP opportunity loss of USD 17 to 22 billion in Chapter 5, taken together with the investment and credit channel losses of Chapters 6 and 7 that overlap it, is of the same broad order as the counted sector losses. The two routes were built independently, so their convergence is evidence that neither is wild.

3.2 Forward-Looking Liabilities

The period also generated obligations with costs that would materialise after February 2026. These obligations would impact future budgets and governments, which is exactly why they are excluded from the total for the current period. Including them would conflate funds that have already been expended with those pledged for future loss, necessitating separate examinations of both. The register below consolidates all forward items from the relevant chapter sections from which each is drawn.

The forward register totals roughly USD 16-30 billion. Most of it—the energy contract lifetimes above all—was signed rather than suffered. That distinction matters for the successor government because a signed liability can sometimes be renegotiated, and the register doubles as a renegotiation agenda.

Table 3.2 Forward-looking liabilities (USD billion)

Item	Horizon	Low	High
(Ch. 5) Lifetime liabilities of above-benchmark energy contracts	Contract terms	10.0	20.0
(Ch. 5) Matarbari delay premium falling after the scope close	To 2029	2.0	3.0
(Ch. 5) Human capital scarring of displaced workers	Multi-year	0.4	0.6
(Ch. 5) Future disease burden of the immunisation collapse	Multi-year	0.3	0.6
(Ch. 4) LNG commitment, above-benchmark pricing exposure	15 years	1.5	3.0
(Ch. 4) US trade agreement, tariff revenue concessions	10 years	1.1	1.1
(Ch. 4) Port concessions, benchmark shortfall (indicative)	30 years	0.5	1.0
(Ch. 4) Starlink licence, foregone revenue share	5 years	0.02	0.05
(Ch. 4) Grameen Bank tax waiver, remaining years	To 2029	0.07	0.09
(Ch. 8) Human capital tail of the student expulsion wave	Multi-year	0.15	0.40
Total forward-looking liabilities		**16.0**	**29.8**

Notes: These items are summarised from the chapters indicated in parentheses and are never counted in the main estimate. The 20-year deferral of banking provision shortfalls (USD 6 to 14 billion) is the future fiscal incidence of losses already counted in Chapter 6 and is not added to any total.

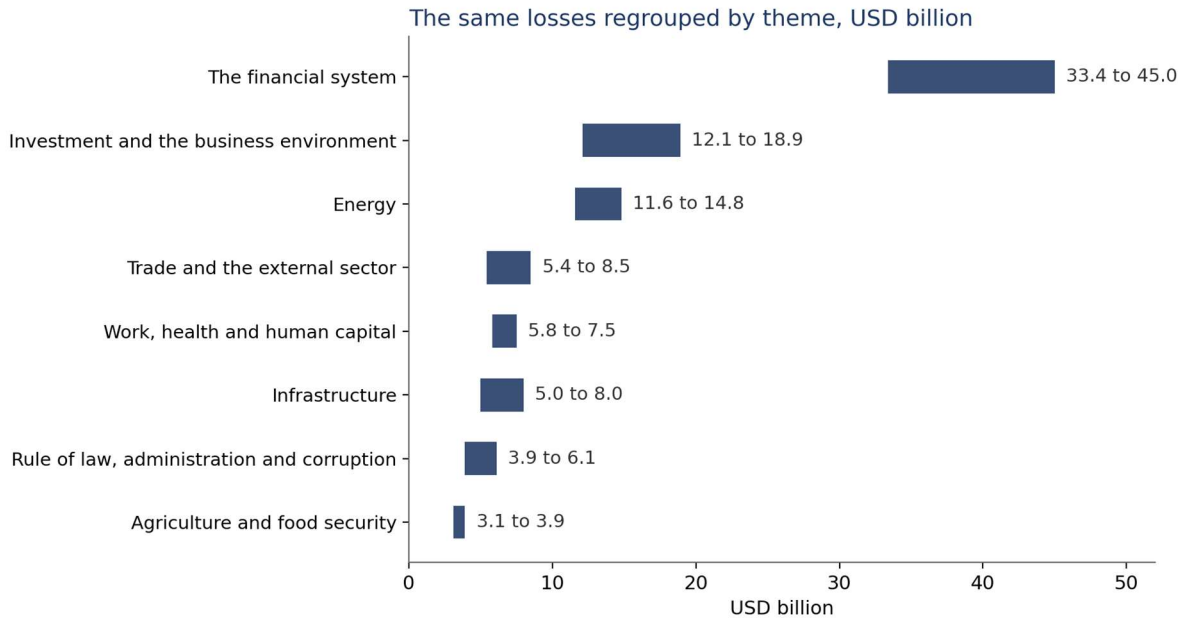
3.3 The Same Losses by Theme

This section reallocates every counted item into eight themes that answer the simpler question of where the damage fell. The assignment rules are mechanical and are listed under the table, so the regrouping can be audited against the chapter tables.

Table 3.3 Losses regrouped into eight themes (USD billion)

Theme	Main components (chapter of origin)	Low	High	Share of midpoint
The financial system	Credit losses, capital market, Nagad, regulatory governance (6), captured financial regulators and spread (4)	33.4	45.0	41%
Investment and the business environment	Capital formation, FDI, ADP, machinery, extortion, property, logistics (7), tourism and telecom (8)	12.1	18.9	16%
Energy	Realised energy losses (5), gas crisis industrial loss (7), renewables and BERC items (4)	11.6	14.8	14%
Infrastructure	Cost escalations and Payra (5)	5.0	8.0	7%
Trade and the external sector	RMG exports, cargo fire, non-RMG reversal (5), remittance diversion (8)	5.4	8.5	7%
Work, health and human capital	Employment and health (5), education, GBV, Rohingya funding (8)	5.8	7.5	7%
Rule of law, administration, and corruption	Rule of law, detention, bribery, diversion, ordinances (4), local governance (5), environment (8)	3.9	6.1	5%
Agriculture and food security	Agriculture (5), fertiliser and food aid diversion (4)	3.1	3.9	4%
Total		**79.6**	**112.2**	**100%**

Figure 3.2 The counted losses regrouped by theme, sorted by size



Note: Bars show the low-to-high range of counted losses for each theme, in USD billion. The financial system accounts for the largest share (33.4 to 45.0), followed by investment and the business environment (12.1 to 18.9) and energy (11.6 to 14.8).

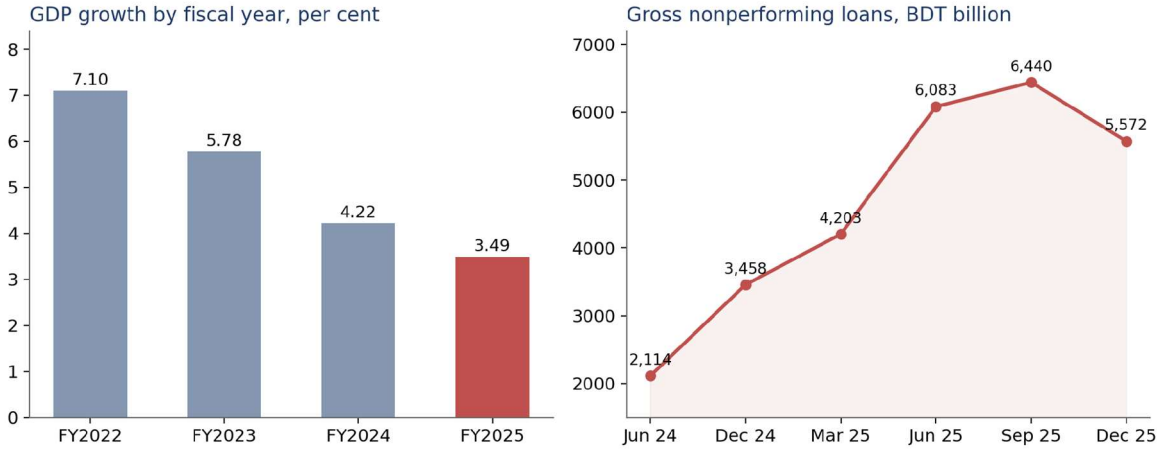
The analysis reveals that two out of every five dollars lost were absorbed by the financial system, with finance and energy together accounting for more than half of the total. In contrast, the theme of the rule of law appears minimal, representing only around five per cent. This insignificance is itself a crucial finding. Corruption and regulatory capture typically do not destroy value at their source; instead, they undermine it downstream—manifesting in banks that cease lending, contracts that enforce unfavourable prices, and investors who choose to withdraw. The TIB household survey referenced in Chapter 4 reported BDT 12,633 crore (USD 1 billion) in bribes paid in just one year. This figure reflects the foundation of that system rather than its total impact. It is important to interpret the accompanying table with this context in mind: the first seven rows primarily illustrate the consequences of the eighth row's actions.

3.4 The Period in Two Pictures

Growth had been decelerating even before the transition. It declined from 7.10 per cent in FY2022 to 5.78 per cent in FY2023, and further to 4.22 per cent in FY2024. This report is careful to avoid attributing this downturn to an administration that has not yet taken

office. During the interim administration, growth dropped to 3.49 per cent in FY2025, reflecting the weakest performance since the pandemic. As illustrated in Figure 3.3, the right panel shows that the decline in growth is accelerating. This slowdown is attributed to the cumulative effects of mismanagement and inadequate governance by the interim administration.

Figure 3.3 Left: GDP growth by fiscal year, per cent (BBS revised series); Right: gross NPLs, BDT billion, June 2024 to December 2025 (Bangladesh Bank)



At a glance, gross NPL tripled in 15 months, from BDT 2,114 billion in June 2024 to BDT 6,440 billion at the September 2025 peak, a ratio of 35.73 per cent that no banking system in Asia matched. Pakistan stood at 7.4 per cent at the time, India at 2.3 per cent, and Sri Lanka at near 12 per cent despite its default. The December 2025 dip in the curve is rescheduling rather than recovery, and Chapter 6 explains why the peak is the honest measure.

The two graphs presented in Figure 3.3 provide key support for the design of this report. The growth chart offers an aggregate perspective that is accessible to all and cannot be attributed to any single individual. In contrast, the NPL curve is a well-documented framework that includes specific names, dates, and supervisory data. This report focuses on these mechanisms, utilising the aggregate data primarily as a verification tool. This approach ensures the reliability of its headline, which stands in contrast to a broader figure that might lack the same credibility.

CHAPTER 4

Institutional Capture

4.1 Introduction

This chapter lays the groundwork for the analysis presented in the report. Over an 18-month period, from August 2024 to February 2026, the interim administration implemented a programme of institutional realignment, which this report identifies as institutional capture. This term refers to the subordination of the state apparatus—judicial, financial, regulatory, and administrative—to the preferences and networks of a small governing elite operating beyond constitutional and parliamentary oversight.

The central argument of this chapter is that institutional capture served as the structural cause of the economic decline documented in the subsequent chapters rather than being merely a symptom of it. In the governance vacuum created by the transition, ordinances supplanted legislation, administrative decisions replaced judicial processes, and political loyalty took precedence over professional competence.

Losses attributable specifically to capture are estimated at USD 5.3 to 8.9 billion over the period, built bottom-up from documented events: judicial capture and the collapse of contract enforcement, central bank and capital market capture, crony contracting, legislative capture by ordinance, the dismantlement of local government, and systemic bribery documented by TIB at approximately USD 1.10 billion.[29] Forward liabilities of a further USD 3.2 to 5.2 billion—arising from the 15-year LNG commitment, the tariff concessions of the US trade agreement, non-competitive port concessions, the Starlink licence terms, and the Grameen Bank tax waiver—fall on successor governments and are reported separately in Section 4.8. They are not counted in the main estimate.

The chapter proceeds in the order of the argument. Section 4.2 sets out the analytical framework and the test by which capture is established. Sections 4.3 to 4.5 document the three mechanisms through which it operated: the concentration of power through the dismantling of institutional checks, the conversion of that power into private and

[29] TIB, *Corruption in service sectors: National household survey 2025*, Dhaka: TIB, June 2026; *TIB survey reported in The Business Standard, June 2026.*

factional gain, and the coercion that sustained both. Section 4.6 examines the shadow economy and capital flight that the resulting enforcement vacuum permitted. Section 4.7 quantifies the cost, Section 4.8 the forward-looking liabilities, Section 4.9 the structural effects that outlast the period, and Section 4.10 concludes.

4.2 The Analytical Framework

4.2.1 The Constitutional Vacuum

An interim administration led by Dr Muhammad Yunus, founder of Grameen Bank, was sworn in on 8 August 2024. It pledged to undo institutional damage, restore democratic freedoms, and create the conditions for free and fair elections. Those aspirations were widely shared, and the administration took office with a substantial reservoir of domestic and international goodwill. This report does not dispute the gravity of the killings and human rights abuses that preceded the transition, nor the sincerity of those who supported it. Its concern is with what the administration did with the extraordinary and largely unchecked authority it acquired.

No constitutionally prescribed mechanism for the transfer of power existed; the caretaker government provisions had been repealed by the Fifteenth Amendment in 2011. The administration's authority therefore rested on what supporters and critics alike came to describe as "revolutionary legality": the doctrine that a revolutionary break with constitutional order generates its own legitimacy, and that the mandate derived from the political fact of the uprising rather than from any constitutional text.[30]

A second source of authority invoked was the advisory opinion delivered by the Appellate Division under Article 106 of the Constitution, on a reference from the President, in the hours before the interim administration was sworn in on 8 August 2024. On the record available, that opinion resolved a narrow question, specifically, how the state was to be governed once Parliament stood dissolved, and authorised the administration to maintain day-to-day governance until an election could be held. Whether it also conferred authority to pursue a wide-ranging reform agenda is a distinct

[30] Rights and Risks Analysis Group (RRAG), "Bangladesh: One Year After July Revolution, Ochlocracy Rules," July 2025.

and constitutionally decisive question, and one that was never answered. It could not be answered because the bench that gave the opinion did not survive the week: the removal of the Chief Justice and five judges of the Appellate Division on 10 August and the appointment of a new Chief Justice the following day, documented in following sections, dissolved the only institution competent to test the administration's own legal basis.

In practice, the extra-constitutional mandate functioned as a blanket authorisation. It allowed the executive to legislate by ordinance, to reconstitute regulatory bodies at will, to remove elected and appointed officials without process, and to conclude binding long-term commitments on behalf of the state—all without the deliberative friction that constitutional government is designed to supply. That concentration of unmediated discretionary power is the thread linking the otherwise disparate failures documented across this report.

4.2.2 Institutional and Regulatory Capture Defined

Institutional capture refers to the process by which state institutions, designed to operate under rules that apply equally and to serve the public interest, are reoriented to serve the private interests of those who control them. Regulatory capture, a subset of the concept, refers to the phenomenon whereby regulatory agencies, central banks, securities commissions, and comparable bodies cease to act as independent arbiters and instead function as instruments of the commercial or political interests of the entities they regulate or of those who appoint their leadership.

Both phenomena are well documented in the literature on transitional governance. What distinguishes the Bangladesh case is the speed and comprehensiveness of the capture. Within 18 months, the administration had restructured the leadership of Bangladesh Bank, the BSEC, and the primary health delivery framework; used anti-terrorism legislation to ban the country's largest political party; awarded major infrastructure contracts without competitive bidding; and built a legislative architecture, through ordinance rather than parliamentary statute, that concentrated extraordinary discretionary power in the executive. The Rights and Risks Analysis Group characterised the resulting order as a form of "ochlocracy," or rule by mob, in

which formal institutions persist on paper while power is exercised through crowds, selective prosecution, and administrative caprice.[31]

4.2.3 The Three Mechanisms and the Evidential Test

Capture in this period operated through three mechanisms, and the chapter is organised around them.

The first is **concentration**: the systematic removal or subordination of every institution capable of refusing—the judiciary, the central bank, the capital market regulator, elected local government, and the legislature itself, the last replaced by ordinance power. Section 4.3 documents this.

The second is **conversion**: the use of the resulting discretion to generate private and factional benefit, through crony contracting, preferential licensing, fiscal concession, and the diversion of public resources. Section 4.4 documents this.

The third is **coercion**: the deployment of the security apparatus and the tolerance of mob violence to suppress opposition and to deter challenge. Section 4.5 documents this.

Capture is treated throughout as an evidential claim rather than a characterisation. It is established where a documented act of public authority produced an identifiable private or factional benefit through a traceable mechanism, and where the institution that would ordinarily have scrutinised that act had itself been reconstituted, disabled, or bypassed. Sequence is the test. A single favourable decision proves nothing; regulators make favourable decisions routinely. What carries evidential weight is the recurring order of events—scrutiny removed, then benefit conferred—repeated across unrelated domains by different agencies within a short window. That pattern is documented in Section 4.3 and summarised in Table 4.1.

4.2.4 Scope and Evidence Base

The evidence conventions, source hierarchy, triangulation requirement, and loss typology governing this chapter are set out in Chapter 2 and are not restated here. The chapter draws on primary statistical series from Bangladesh Bank, the BBS, the Export Promotion Bureau, the World Bank, and the IMF; on the primary texts of ordinances

[31] ibid.

published on the official legislative portal; and on catalogued secondary reporting. The supporting research database contains more than 1,000 entries, of which 269 are credible newspaper reports and 25 are primary government or legislative documents.

Three cautions apply throughout. Several headline figures in public circulation, notably the capital market "looting" claim, are investor allegations rather than audited losses and are labelled accordingly. Some deterioration reflects structural problems inherited from the previous government, and the chapter separates inheritance from aggravation wherever the data permit. In addition, the attribution of macroeconomic outcomes to governance choices rests on the cross-sectoral consistency of the pattern rather than on any single indicator.

4.3 Mechanism I: The Concentration of Power

This section documents the removal or subordination of each institution capable of constraining the executive, in the order in which the constraint mattered.

4.3.1 The Judiciary and the Legal Profession

On the day of the previous Prime Minister's departure, Chief Justice Obaidul Hassan and five Appellate Division judges resigned under pressure from student groups that had stormed the Supreme Court building. JusticeMakers Bangladesh in France (JMBF) subsequently recorded that 46 judges—among them four Chief Justices and ten Appellate Division judges—were persecuted: arrested, forced to resign, or stripped of authority.[32] With a single appellate judge remaining in place immediately after the transition, the apex court's capacity to act as a constitutional check was suspended at the moment it was most needed, including its capacity to rule on the administration's own constitutional basis.

The same report documented that 849 lawyers faced persecution across 268 separate incidents, including 200 fabricated criminal cases implicating 721 lawyers on charges of murder, attempted murder, or sabotage. The collapse of judicial protection was

[32] Sri Lanka Guardian, "When Justice Becomes a Crime: Bangladesh's War on Its Own Lawyers," 31 October 2025.

mirrored outside the courts in the pattern of mob adjudication examined in Section 4.5.1.[33]

Within weeks of taking office, the reconstituted Supreme Court scrapped corruption and other criminal cases against the Chief Adviser and six associates, including matters involving alleged labour law violations at Grameen Telecom and money laundering allegations.[34] The speed and unanimity of that relief, arriving after the systematic removal of judges unwilling to align with the new order, is the first instance of the sequence identified in Section 4.2.3, and it recurs in Section 4.4.1.

4.3.2 The Central Bank

The capture of Bangladesh Bank proceeded through a paradigmatic instrument of institutional manipulation. The Bangladesh Bank (Amendment) Ordinance, 2024 removed the statutory 65-year age limit for the office of Governor,[35] and the amendment was enacted to permit the appointment of Ahsan Habib Mansur, who exceeded that threshold. Subsequent investigative reporting alleged that he misappropriated funds from the central bank's CSR account for personal and political purposes.[36]

The bank's institutional resources were then directed at explicitly political ends. Bangladesh Bank funded a constitutional referendum "Yes" campaign and instructed commercial banks to contribute through their CSR accounts, despite having no legal mandate to do so. In a later interview, the governor justified the action by invoking a "moral" authority, suggesting that the decision was unilateral and undertaken without a clear basis for institutional accountability. A student leader subsequently alleged that the central bank had financed the campaign with BDT 10 million (equivalent to USD 81,000), and top leaders of the Students Against Discrimination organisation faced allegations of embezzling the said amount from the campaign funds. Allocations of BDT

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[33] ASK, *Annual human rights report 2025*; Oxford Human Rights Hub, *Mob justice, state failure: The right to life betrayed in Bangladesh*, 2025; M. Ahmed, "When mobs decide the verdict," SSRN (Social Science Research Network), 2025.

[34] *Jagonews24, "SC dismisses graft case against Yunus," 23 April 2025*; *The Daily Star, "SC upholds HC verdict scrapping 5 cases against Yunus," 8 December 2024.*

[35] Bangladesh Bank (Amendment) Ordinance, 2024. Available: http://bdlaws.minlaw.gov.bd/act-1494.html

[36] *Kaler Kantho*, "CSR Fund misappropriation by Ahsan Mansur," 3 April 2026.

25 crore and BDT 23 crore were reportedly made to a "July injured and martyrs' families" fund and to the Chief Adviser's Relief Fund.[37] The direction of a monetary authority's institutional machinery towards a partisan constitutional outcome is among the clearest single illustrations of this chapter's core mechanism: the conversion of a neutral institution into an instrument of the governing faction.

In the banking sector, the same discretion was exercised over the classification of credit itself. Bangladesh Bank enforced by circular the 90-day overdue threshold for term loans that the previous government had conceded to the IMF in January 2024 and then declined to apply, withdrawing at the same time the forbearance under which the older figures had been sustained. Classified loans rose from 12.56 per cent of outstanding credit in June 2024 to 24.13 per cent by March 2025 and 35.73 per cent by September 2025; the sector recorded its first net loss in over a decade at BDT 1.36 lakh crore; and BDT 20,000 crore of public money was placed into a single merged institution.[38] None of it was authorised by appropriation, there being no legislature to appropriate.

Without a sitting parliament, the determination of default status became an administrative act performed at the moment the state was moving against the assets of business groups associated with the ousted government. After the election, BDT 87,298 crore was reclassified back through rescheduling in the final quarter of 2025, 1,300 firms regularised under special terms permitting 1 to 2 per cent down payments and multi-year grace periods.[39]

In digital finance, the administration restructured the board of Nagad, the country's second largest mobile financial service, and moved towards its privatisation, while a digital wallet licence was issued to a Grameen Telecom entity closely associated with the Chief Adviser personally.[40] The Nagad episode is examined in full in Case 4.3. Capture

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[37] *The Daily Star*, "Referendum: BB orders banks to campaign for Yes vote," 2026; *The Financial Express (BD), "Student leader says Bangladesh Bank funded referendum 'Yes' campaign with Tk 10m," 25 April 2026.*

[38] *The Daily Star*, "Banking sector posted Tk 1.36 lakh crore net loss last year," 2026; *The Daily Star, "Govt approves merger of five shariah-based banks," 9 October 2025.*

[39] The Daily Star, "Bad loans fall by Tk 87,298cr in three months," February 2026.

[40] The Daily Star, "Govt to privatise Nagad," 2025; BSS News, *Bangladesh Bank simplifies capital repatriation for foreign investors,* 2025.

extended beyond the regulator to the commercial banks it supervised, of which Islami Bank is the starkest example, examined in Case 4.1.

The episode demonstrates that unilateral technocratic action fails to produce durable institutional change. Instead, it produced a shock, and then a reversal, and the sector was left carrying the disclosure costs of transparency without its benefits.

4.3.3 The Capital Market Regulator

In October 2024, the Chairman of the BSEC was besieged in his office by protesters and eventually escorted out under army guard.[41] The administrative vacuum coincided with what investors described as a period of regulatory failure, and the inquiry committee formed to examine the regulator's own failures was composed of mutual fund chief executives—subordinate industry actors placed in the position of investigating their regulator, a transparent structural conflict of interest.

Investors alleged that BDT 90,000 crore (approximately USD 7.5 to 8 billion) disappeared from the capital market in the eight months following the transition. The claim was widely reported but has not been independently audited, and it is treated throughout this report as an allegation.[42] The Dhaka Stock Exchange (DSE) separately received BDT 680 million (USD 5.5 million) in loss claims relating to the Moshihor Securities fraud case, and the disciplinary sanction against the former Managing Director (MD) of Grameen Capital was quietly withdrawn. The wider damage to the capital market is quantified in Chapter 6.

4.3.4 Capture of Local Governance and Administration

The scale of the removal of elected local government was extraordinary. Asian News Network and *Dhaka Tribune* document that the government removed all city corporation mayors across Bangladesh, dismissed 493 upazila chairmen, and removed 323 city

[41] The Business Standard, "Army rescues besieged commission, BSEC employees on strike until resignation," 2025; *The Financial Express (BD), "Foreign investors keep pulling out as uncertainty weighs on market," 30 March 2026.*

[42] *Dhaka Tribune*, "Investors: 90,000 crore looted from capital market in last 8 months," 2025; *Daily Inqilab*, "Grameen Capital former MD's punishment secretly withdrawn," 2025.

corporation councillors,[43] [44] eliminating virtually the entire elected local government structure below the national level simultaneously. This was not a targeted anti-corruption measure with due process; it was the political decapitation of local governance, replacing elected officials with administration-loyal appointees across hundreds of jurisdictions, most without the local knowledge, community relationships, or democratic legitimacy of their predecessors.

The consequences rippled through every dimension of local service delivery. Urban solid waste management, market regulation, birth and death registration, and local infrastructure maintenance—all administered through city corporations and upazila offices—were disrupted nationwide. In the 1,535 Union Parishads where the chairman was absent for sustained periods, social safety net transfers including old age, widow, and disability allowances; agricultural extension coordination; and community-level flood response became effectively impossible for extended periods. Birth and death registration, a legal prerequisite for access to all government benefits, school enrolment, and inheritance, lapsed in affected Union Parishads for periods of 3 to 18 months.

"Ghost Roads and Empty Hospitals", the investigative series by United News of Bangladesh (UNB) documented the systematic diversion of Local Government Engineering Department (LGED) rural infrastructure funds.[45] GreenWatchBD reported that 30 to 40 per cent of LGED rural road development funds were lost to corruption, bribery, and fictitious tendering, and that over 40 per cent of rural LGED projects suffered serious irregularities including phantom contractors, inflated measurement certificates, and payments for work not performed.[46] The Anti-Corruption Commission (ACC) launched enforcement drives across more than 30 locations following whistleblower complaints,[47] but no major prosecutions had concluded as of this report's reference date.

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[43] *Asian News Network*, "city mayors," 2024.

[44] *Jagonews24, "493 upazila chairmen removed, UNOs in charge," August 2024*.

[45] UNB, "Ghost Roads and Empty Hospitals: How corruption failing Bangladesh," 24 April 2025.

[46] *GreenWatchBD*, "LGED corruption: 30–40% of rural road funds lost," 2025.

[47] *The Daily Star*, "ACC launches enforcement drives across 30+ locations," 2025.

The specific irregularities documented include BDT 2,574 crore (USD 209 million) drawn from LGED project accounts without the underlying construction being completed; BDT 1,600 crore (USD 130 million) embezzled through fictitious contractor registrations; and a broader systemic failure, confirmed by parliamentary oversight bodies, whereby rural infrastructure investment was redirected to political beneficiaries rather than physical assets.[48] [49] [50] The combined loss of USD 340 million (circa) in rural infrastructure funds deprived the rural poor of roads, bridges, market facilities, and climate resilience works that would have generated sustained economic returns, and of the employment income those works would have provided.

Multiple investigative sources documented the capture of local administrative processes by organised student groups claiming affiliation with the anti-discrimination protest movement. Extortion cases were filed against student leaders who had demanded payments from business owners and government contractors.[51] In one documented instance, a BDT 300,000 extortion demand was made against a local businessperson. Multiple units were suspended following disciplinary findings, and three movement leaders were arrested on extortion charges.[52]

The Daily Star published an analysis of what the scandals revealed about student leaders, noting the contradiction between a government that owed its legitimacy to student protest and its inability to discipline the movement's criminal elements without risking its own political base. This paralysis in the face of organised criminality at the local level, combined with the institutional vacuum created by the removal of elected officials, produced a shadow administrative structure in several districts that raised the effective cost of business operations and undermined the rule of law.

[48] *UNB*, "Ghost roads," special investigation, 2025.

[49] *GreenWatchBD*, "LGED corruption," 2025.

[50] *The Daily Star*, "Enforcement Drives," 2025.

[51] *Dhaka Tribune*, "Extortion case: 3 leaders of anti-discrimination movement arrested," 2025.

[52] *Dhaka Tribune*, "Extortion case," 2025.

4.3.5 Legislative Capture: Governance by Ordinance

The administration used its ordinance-making power, derived from governing in the absence of a sitting parliament, to enact a series of legal changes that concentrated power, reduced public oversight, and generated private benefit for aligned interests. More than 20 significant ordinances were promulgated. The judiciary's incapacity, documented above, ensured that none was subjected to meaningful judicial scrutiny. Four are the most consequential.

The Revenue Policy and Management Ordinance, 2025 and its subsequent amendment sought to post officers from administrative cadres into the newly restructured Revenue Policy and Management Division, bypassing trained tax professionals—widely interpreted as an attempt to place politically loyal generalists in charge of the tax apparatus.[53] It triggered a nationwide work stoppage by NBR officials; 14 senior officials who defied transfer orders were suspended, and others were compulsorily retired.[54]

The Foreign Grants (Voluntary Activities) Regulation (Amendment) Ordinance, 2025 made wholesale changes to the framework governing foreign-funded NGOs.[55] The most significant was the legalisation of "institutional support" through foreign donations, a category previously prohibited precisely because it enabled foreign states and organisations to fund civil society actors without adequate oversight. A further provision placed the coordinating body for NGO–government liaison directly under the Chief Adviser's Principal Secretary, giving the executive direct personal oversight of the coordination mechanism in an administration whose international legitimacy was closely tied to civil society networks.

The Bangladesh Energy Regulatory Commission (Amendment) Ordinance, 2024 removed Section 34A of the BERC Act, the provision empowering the government to

[53] Revenue Policy and Revenue Management Ordinance, 2025. Available: http://bdlaws.minlaw.gov.bd/act-1537.html

[54] *The Daily Star*, "Defying transfer orders: 14 NBR officials suspended," 2025; The Business Standard, "NBR staff call off protest as govt goes tough," 2025.

[55] Foreign Donations (Voluntary Activities) Regulation (Amendment) Ordinance, 2025. Available: http://bdlaws.minlaw.gov.bd/act-1590.html

regulate and adjust energy tariffs in the public interest.[56] The accompanying repeal of the Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act, however defensible as an accountability reform, left no functioning replacement framework. The outcome was an energy crisis that reduced RMG output by up to 30 per cent and forced the subsequent government to seek USD 2 billion in emergency external financing.

The Public Procurement (Amendment) Ordinance, 2025 omitted key safeguards, including the 5 per cent tender cap in Section 19(1)A, while retaining the Direct Procurement Method, which permits contract awards without competitive tender.[57] The same non-competitive practices the administration publicly condemned under its predecessor were thus preserved in the revised legal architecture—and then used, as Section 4.4 documents.

A parliamentary review subsequently found that the administration deliberately allowed at least 20 key reform ordinances to expire without enactment as permanent legislation, among them the Microfinance Bank Ordinance, the VAT and Customs amendments, and the Revenue Policy and Management Ordinance itself.[58] The pattern is distinctive: sweeping change enacted by emergency ordinance, institutional disruption generated, and then the legal basis for the change permitted to lapse. Institutions were left destabilised but unreformed. The disruption outlived the rationale.

4.3.6 Concentration of Power in the Kitchen Cabinet

The concentration of authority terminated in a body with no constitutional existence at all. The former adviser Sakhawat Hussein publicly confirmed that major decisions of the

[56] Bangladesh Energy Regulatory Commission (Amendment) Ordinance, 2024. Available: http://bdlaws.minlaw.gov.bd/act-1503.html; *The Daily Observer, "Power Crisis Cripples RMG Output by 30pc, Raising Export Risks," 14 April 2026.*

[57] *Bangladesh Gazette,* "Public Procurement (Amendment) Ordinance, 2025," Available: http://bdlaws.minlaw.gov.bd/act-1529.html; Government of Bangladesh, Public Procurement Rules, 2025, issued 28 September 2025.

[58] The Daily Star, "Key reform ordinances left to expire," 3 April 2026; *The Daily Star, "Key reform ordinances left to expire," 3 April 2026*.

interim government were taken outside the formal cabinet structure.[59] The concentration of decision-making in an informal "kitchen cabinet" centred on the Chief Adviser and a small circle of trusted aides explains the recurring pattern this report documents across banking, energy, infrastructure, and the judiciary: consequential regulatory decisions taken without adequate consultation, transparency, or documentation. It is also what made the sequence described in Section 4.2.3 operationally possible, since no institutional record of deliberation exists against which the decisions can be tested.

Case 4.1 Islami Bank: Too Big to Fail, Too Political to Fix

Islami Bank Bangladesh PLC is the largest private commercial bank (PCB) in the country and the anchor of an Islamic banking segment holding more than a quarter of system deposits. It has been the leading mobiliser of remittances, at times channelling a quarter or more of national inflows, and it serves tens of millions of accounts. This case traces what happens when a bank of that weight acquires a political character. Across three successive governments—the one that permitted its capture, the interim administration that seized it, and the elected government that inherited it—the bank has functioned less as a bank than as a hostage, and every government has paid to keep it standing. Events after February 2026 fall outside the scope window and are reported as post-scope context.

Table C4.1.1 Timeline of capture and crisis

Period	Event
2013 to 2016	Political and regulatory pressure builds; foreign investors begin to exit.
5 Jan 2017	Boardroom takeover; chairman, vice chairman and MD replaced in a single sitting, with no visible legal process.[60]
2017 to 2024	S Alam Group accumulates an estimated 72 to 82% of shares through some 22 proxy holders; foreign shareholding falls from over 50%to about 13%.[61]

[59] *bdnews24 Bangla, "অন্তর্বর্তী সরকারের বড় সিদ্ধান্ত হত কেবিনেটের বাইরে: সাখাওয়াত" [Major decisions of the interim government were taken outside the cabinet: Sakhawat], 28 February 2026.*

[60] *The Daily Star*, reporting on the IBBL boardroom takeover, 5 January 2017.

[61] Post-2024 investigative and regulatory reporting on S Alam connected lending, the share seizure, and the rehabilitation plan (*The Daily Star; The Business Standard; New Age*), 2024 to 2025.

Nov 2022	Investigative reports reveal BDT 7,246 crore in rule-violating loans to nine firms; deposit run follows, met by BDT 8,000 crore of Bangladesh Bank liquidity.[62] [63]
Aug to Dec 2024	Interim administration seizes the S Alam shareholding and dissolves the board; the bank is kept out of the five-bank Islamic merger for standalone rehabilitation.[64]
End 2025	Record disclosure; classified investments reach 42.36%, BDT 94,322 crore, with going concern doubt in the audited accounts.[65]
May to Jun 2026	Post-scope. Deposit run of roughly BDT 8,000 crore in about three weeks under the newly elected government; board dissolved under Section 47(3) of the Bank Company Act.[66]

The capture itself predates the scope period and belongs to the inheritance this report separates from the losses it counts. On 5 January 2017, the bank's leadership was replaced in a boardroom coup carried out, contemporary reporting found, without any visible legal process.[67] S Alam Group accumulated an estimated 72 to 82 per cent of the shares through some 22 proxy holders and offshore entities, while foreign ownership fell from over half to roughly 13 per cent. Post-2024 investigations reported that of roughly BDT 141,000 crore in total financing, nearly BDT 75,000 crore had gone to S Alam subsidiaries and connected borrowers.[68] These aggregates are investigative and regulatory estimates rather than audited findings, and the case treats them as the best available public record rather than as settled fact.

The first run came in November 2022, after the exposure of BDT 7,246 crore in rule-violating loans to nine firms.[69] Roughly BDT 17,800 crore left the bank over the year, and Bangladesh Bank

[62] *The Daily Star* and other outlets, exposure of BDT 7,246 crore in rule-violating loans to nine firms, November 2022.

[63] Bangladesh Bank, emergency liquidity support to Shariah-based banks, December 2022 (BDT 8,000 crore to IBBL as part of a wider BDT 22,000 crore programme).

[64] Post-2024 investigative and regulatory reporting (*The Daily Star*; *The Business Standard; New Age),* 2024 to 2025.

[65] Islami Bank Bangladesh PLC, audited financial statements and regulatory disclosures, end 2024 and end 2025.

[66] Press reporting on May to June 2026 withdrawals and the board dissolution under Section 47(3) of the Bank Company Act, June 2026 (post-scope).

[67] *The Daily Star*, reporting on the IBBL boardroom takeover, 5 January 2017.

[68] Post-2024 investigative and regulatory reporting (*The Daily Star*; *The Business Standard*; *New Age*), 2024 to 2025.

[69] *The Daily Star* and other outlets, exposure of BDT 7,246 crore in rule-violating loans to nine firms, November 2022.

answered with BDT 8,000 crore of special liquidity.[70] Whether the run was organic or manufactured cannot be settled from the public record, but the mechanism that sustains any run is not in doubt. Once a trigger shifts expectations, each depositor's withdrawal is individually rational, the bank's visible distress feeds the expectations that caused it, and the loop closes on itself. The income statement shows who paid for the fight to hold depositor confidence: net profit after tax fell 83 per cent year on year.

The interim administration seized the captured shareholding, dissolved the board, and chose standalone rehabilitation over inclusion in the five-bank Islamic merger, judging the franchise, the deposit base, the remittance network, and the branch system worth saving intact. Both legs stalled. The share awaits a final court order, and analysts questioned whether the roughly BDT 20,000 crore recapitalisation can be raised at all.[71] The bank survived the scope period on forbearance and the implicit promise of public capital.

Figure C4.1.1 The self-reinforcing coordination loop of a deposit run.

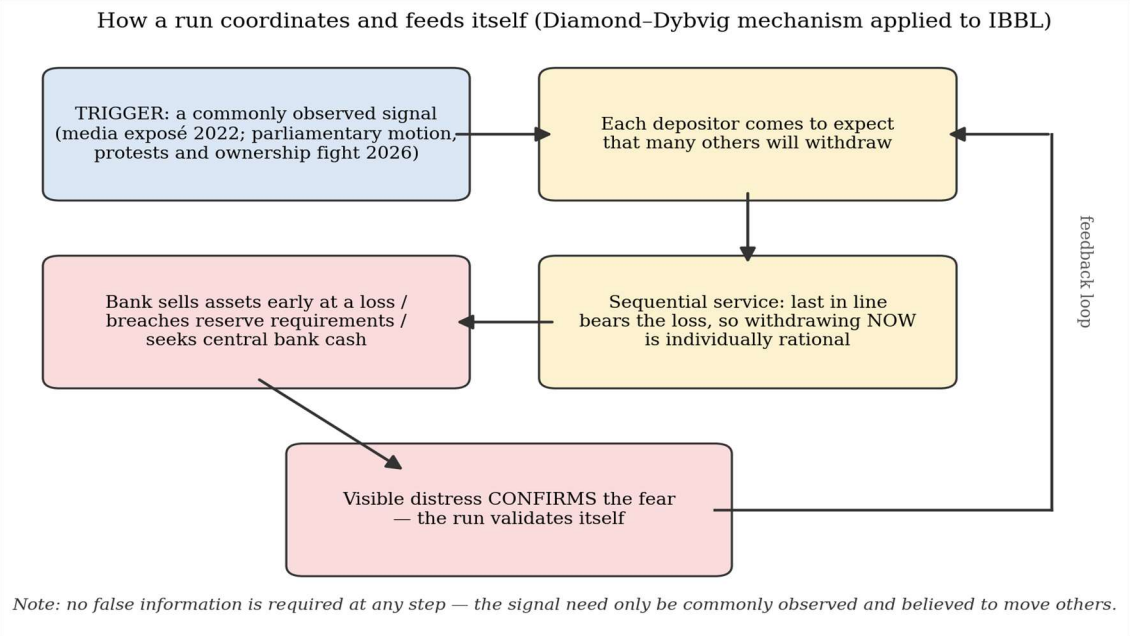


Table C4.1.2 Reported soundness of the same bank under two regimes

[70] Bangladesh Bank, emergency liquidity support to Shariah-based banks, December 2022 (BDT 8,000 crore to IBBL as part of a wider BDT 22,000 crore programme).

[71] Post-2024 investigative and regulatory reporting (*The Daily Star; The Business Standard; New Age*), 2024 to 2025.

Indicator	Awami League era (as reported)	Interim administration (as disclosed)
Classified loans	4.32% at end 2023, near the private bank average	42.36% at end 2024; BDT 94,322 crore classified by end 2025
Provisioning	Shortfalls masked by deferral facilities	Required BDT 92,537.6 crore against a fraction held
Capital	Reported compliance with the regulatory minimum	Disclosed shortfall of BDT 9,345.7 crore
Auditor's view	Unqualified opinions throughout the S Alam period	Going concern doubt in the audited statements
Ownership	About 82% held through proxies and offshore entities	Shares seized by Bangladesh Bank; independent board installed
Liquidity support	BDT 8,000 crore (December 2022)	Lender of last resort support continuing; BDT 2,500 crore in the post-scope 2026 run

Source: audited statements and disclosures;[72] press record.[73] [74] [75] Both columns deserve caution. The earlier numbers were produced under the regime that enabled the capture, and the later ones by an administration with a real incentive to maximise the disclosed damage, since a larger inherited hole lowers the bar against which its own performance is measured.

The strongest data point arrived after the window closed. In May and June 2026, under an elected government that had no part in the capture, the concealment, or the cleanup, roughly BDT 8,000 crore (USD 648 million) left the bank in about three weeks, at BDT 1,000 to 1,200 crore (USD 81-97 million) per day, breaching the cash reserve requirement. Unlike in 2022, no new financial information triggered the withdrawals; the proximate trigger was a fight over board control, with mobilisation against any return of S Alam influence and tension over Jamaat-linked directors. Bangladesh Bank dissolved the board under Section 47(3) of the Bank Company Act and provided BDT 2,500 crore (USD 203 million) of lender-of-last-resort support against BDT 10,000 crore (USD 812 million) requested.[76] Run theory explains why a coordination claim is coherent: a depositor base organised within a dense religious and political network has precisely the common-

[72] Islami Bank Bangladesh PLC audited financial statements and regulatory disclosures, end of 2024 and end of 2025.

[73] *The Daily Star* and other outlets, exposure of BDT 7,246 crore in rule-violating loans to nine firms, November 2022.

[74] Post-2024 investigative and regulatory reporting (*The Daily Star; The Business Standard; New Age*), 2024 to 2025.

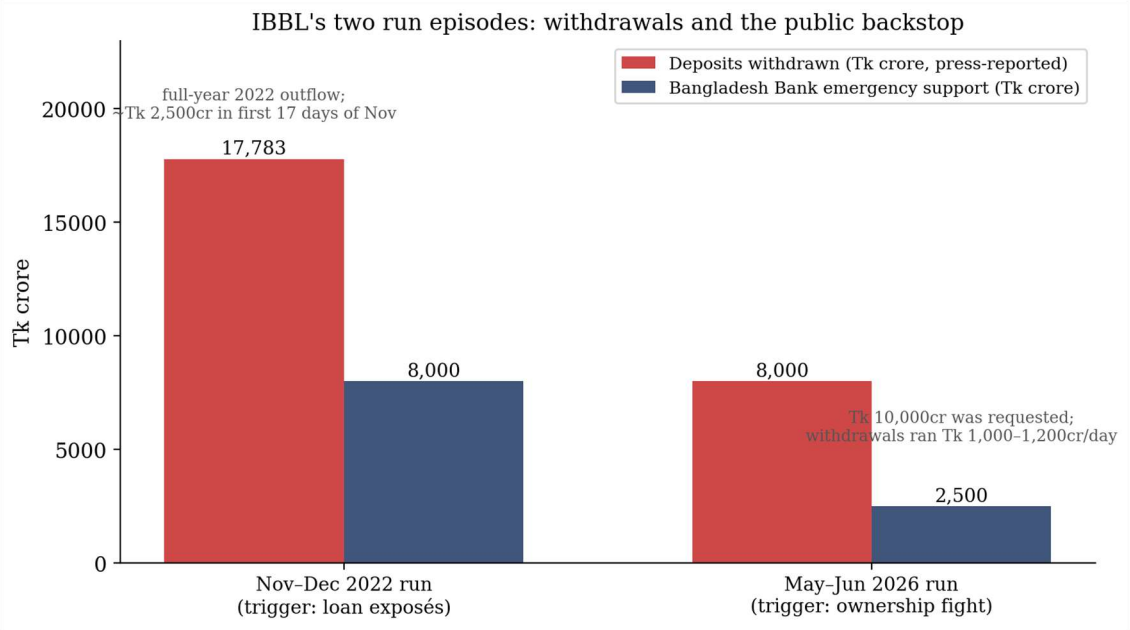
[75] Press reporting on May to June 2026 withdrawals and the board dissolution under Section 47(3) of the Bank Company Act, June 2026 (post-scope).

[76] Press reporting on May to June 2026 withdrawals, June 2026 (post-scope).

knowledge mechanism a self-fulfilling run requires, and once withdrawals approach the tipping point, unaffiliated depositors join out of arithmetic rather than politics.[77] Coherence is not proven, and the case leaves the question of intent open.

As shown in Figure C4.1.2, roughly BDT 17,800 crore (USD 1.44 billion) left the bank over 2022 against BDT 8,000 crore (USD 648 million) of central bank support, while roughly BDT 8,000 crore left in three weeks of the post-scope 2026 episode against BDT 2,500 crore (USD 203 million) provided. Aggregate figures of this kind cannot distinguish a coordinated run from a spontaneous one.

Figure C4.1.2 The bank's two run episodes, compiled from press reports.[78]



The bank holds about a third of Islamic bank deposits in a segment exceeding a quarter of system deposits, and its depositors are disproportionately religiously motivated savers with no substitute institution at scale. A disorderly failure would therefore be a financial crisis, a remittance crisis, and a religious-political provocation at once. That is why no government has been able to resolve it, and why every government has paid its ransom. The best-documented motive for the capture was private enrichment under political protection, and the threat to democratic governance comes from the combination this chapter documents across institutions: size, concentrated hidden ownership, and a supervisor subordinated to political power.

[77] D. W. Diamond and P. H. Dybvig, "Bank runs, deposit insurance, and liquidity," *Journal of Political Economy*, vol. 91, no. 3, pp. 401–419, 1983.

[78] Run episode magnitudes compiled from the press record, 2022 and 2026; basis of Figure C4.1.2.

4.4 Mechanism II: The Conversion of Authority into Private Gain

Concentration is not itself harmful. The harm in this instance lies in how the resulting discretion was used. This section documents the conversion: a consistent pattern of preferential treatment for entities connected to the Chief Adviser's personal and professional networks, the systematic award of contracts to politically aligned partners through non-competitive procurement, and the emergence of corruption within the governing coalition itself.

4.4.1 The Grameen Nexus

The most analytically significant dimension of the period is what observers have termed the "Grameen nexus": the pattern by which the Chief Adviser's personal commercial and institutional empire benefited directly from regulatory decisions made by the government he led.

Within weeks of taking office, the government reduced its equity in Grameen Bank from 25 per cent to as little as 5 per cent and removed its authority to appoint the chairman. The NBR reinstated a five-year tax waiver for the bank; Grameen Telecom received central bank approval for a digital wallet; Grameen Employment Services received a manpower export licence; and Grameen University was approved as a private university.[79] The legal scholar Shahdeen Malik publicly observed that the approvals gave rise to a clear perception problem, and that the conflict of interest should have been weighed far more seriously before regulatory approval was granted.[80] Completing the pattern, the BSEC quietly reversed a disciplinary sanction against the former MD of

[79] Grameen Bank (Amendment) Ordinance, 2025. Available: http://bdlaws.minlaw.gov.bd/act-1535.html; *The Daily Star*, "Govt control over Grameen Bank reduced," 2025; *New Age (Bangladesh), "Bangladesh interim govt chief Yunus under criticism over privileges," 9 May 2025.*

[80] *The Financial Express, "Grameen Bank exempted from tax until 2029," 2024*; *New Age Bangladesh*, "Bangladesh interim govt," 2025.

Grameen Capital, and the Supreme Court dismissed the criminal cases described in Section 4.3.1.[81]

The sequence is what gives the pattern its evidential weight. Each benefit arrived only after the institution that would have scrutinised it had been reconstituted: the judicial relief after the removal of judges documented in Section 4.3.1, the wallet licence after the central bank capture of Section 4.3.2, the sanction reversal after the regulatory vacuum of Section 4.3.3. Every element of the Grameen nexus rests on a prior act of institutional capture.

Table 4.1 The Grameen nexus: regulatory decisions favouring associated entities, August 2024 to February 2026

Regulatory decision	Entity benefiting	Mechanism	Prior capture relied upon
Grameen Bank equity reduced from 25% to 5%; government chairman appointment power removed	Grameen Bank	Grameen Bank (Amendment) Ordinance, 2024	Ordinance power (Section 4.3.5)
Five-year tax waiver reinstated	Grameen Bank	NBR administrative order	Revenue board restructuring (Section 4.3.5)
Digital wallet licence approved	Grameen Telecom entity	Bangladesh Bank approval	Central bank capture (Section 4.3.2)
Manpower export licence granted	Grameen Employment Services	Administrative licence	Executive discretion
Private university approval	Grameen University	Government approval order	Executive discretion
Criminal cases scrapped (labour law and money laundering allegations)	Chief Adviser personally	Supreme Court	Judicial capture (Section 4.3.1)
Disciplinary sanction withdrawn	Grameen Capital (former MD)	BSEC	Regulatory vacuum (Section 4.3.3)

[81] *Jagonews24, "SC dismisses graft case against Yunus," 23 April 2025*; *The Daily Star, "SC upholds HC verdict scrapping 5 cases against Yunus," 8 December 2024*; *Daily Inqilab*, "MD's punishment," 2025.

4.4.2 Port Terminal Concessions

The port terminal awards are the largest identifiable instances of crony contracting in the period. In late 2024, the government signed a 30-year concession with APM Terminals (Denmark) for the Laldia Container Terminal at Chittagong, characterised as a USD 550 million public-private partnership requiring no public debt. Critics documented that significant terms, including the revenue sharing arrangements essential to assessing public benefit, were withheld, and that the deal was concluded with unusual haste.[82] A statement by 107 eminent citizens demanded cancellation of what they called a "secret agreement"; a High Court petition sought disclosure of the Laldia and Pangaon lease terms; and TIB called for full disclosure of all foreign operator agreements.[83]

The New Mooring Container Terminal concession to DP World (UAE) proved more contentious still, with worker unions striking and port operations stalling. The terminal handles roughly 40 per cent of Bangladesh's international trade; its award took 12 days from proposal to approval, with no public tender and no disclosure of terms—a process that *The Daily Star* observed "directly contradicts the interim government's declared commitment to open, competitive procurement."[84] After public protests, the government announced that no deal would be concluded during its tenure, yet the Supreme Court and High Court subsequently cleared the way for a foreign operator.[85]

The 12-day award is the clearest demonstration of what the retained Direct Procurement Method of Section 4.3.5 was for.

4.4.3 Energy Procurement

In January 2025, the government signed what it described as a "landmark" LNG agreement with Argent LNG, a Louisiana company, for up to 5 million tonnes annually,

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[82] The Daily Star, "Govt signs 30-year deal with Danish APM for Laldia Container," November 2025; *Prothom Alo*, "107 eminent citizens demand cancellation of secret agreement," 2025; *en.Bonik Barta*, "Laldia Container Terminal deal: significant terms kept under wraps," 2025.

[83] *Prothom Alo*, "107 eminent citizens," 2025; *The Business Standard, "From power* to ports: Interim govt revives the unsolicited deal playbook," 2025.

[84] *The Daily Star* and *The Business Standard*, NCT award timeline reporting, November 2025; *The Business Standard*, "From power to ports," 2025.

[85] The Daily Star, "SC upholds HC verdict allowing govt to lease NCT to DP World," 2026; *Prothom Alo, "No deal with DP World during interim govt's tenure: Ashik Chowdhury," 2025.*

framed explicitly within the US administration's "Drill, Baby, Drill" energy messaging.[86] Argent was widely described as a new entrant without an established export terminal, which raised counterparty risk concerns. Bangladesh Investment Development Authority (BIDA) was subsequently obliged to clarify that the arrangement was a non-binding Heads of Agreement requiring compliance with the Public Procurement Act before any binding deal—meaning that a non-binding instrument had been presented publicly as a concluded transaction.

A parallel conflict of interest involved the former US Ambassador Peter Haas, who, after leaving his post, became a strategic adviser to Excelerate Energy, a major US LNG supplier, and who subsequently met the Chief Adviser on multiple occasions as part of US business delegations.[87] [88] The government later signed a 15-year LNG agreement with an American company, with reporting at the time alleging procurement worth roughly BDT 1 lakh crore (approximately USD 8 billion) at above-market rates.[89] The economist Anu Muhammad's public statement that certain advisers acted as "corporate lobbyists for foreign firms" in the energy procurement process points to a cost embedded in the pricing terms, quantified in Section 4.8. The structural conflict—a former diplomat who had helped secure the administration's international legitimacy subsequently appearing in commercial dealings with it—was never addressed through disclosure or recusal.

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[86] Bangladesh Investment Development Authority (BIDA), "Bangladesh signs landmark LNG deal under President Trump's energy policy initiative," press release, January 2025; *Reuters*, "Louisiana's Argent LNG sets deal with government of Bangladesh," 2025; *The Daily Star, "BIDA provides clarification on LNG agreement with US firm," 26 January 2025.*

[87] Excelerate Energy, "Former Ambassador Peter D. Haas Joins Excelerate Energy as Strategic Advisor," press release (Business Wire), 30 September 2024; *Prothom Alo, "US business delegation led by Peter Haas meets Chief Adviser Muhammad Yunus," 2025*; *The Daily Star*, "Some interim govt advisers acted as corporate lobbyists for foreign firms: Anu Muhammad," 2025.

[88] *Prothom Alo, "US business delegation led by Peter Haas meets Chief Adviser Muhammad Yunus," 2025*; *Excelerate Energy (Business Wire), "Former Ambassador Peter D. Haas Joins Excelerate Energy as Strategic Advisor," 30 September 2024.*

[89] *The Daily Star,* "Anu Muhammad."

4.4.4 The Asymmetric US–Bangladesh Trade Agreement

On 9 February 2026, days before a new government was to assume power, the administration signed the Agreement Between the United States of America and the People's Republic of Bangladesh on Reciprocal Trade.[90] Bangladesh committed to phased tariff reductions on US goods, agreed to recognise the US food safety system as meeting its own standards, and undertook within 24 months to admit US agricultural biotechnology products without separate review or labelling—in effect, deferring its sovereign right to regulate its food supply to US regulatory determinations.

On digital trade, Bangladesh agreed to free cross-border data flows, to impose no customs duties on electronic transmissions, and, most consequentially, to amend or repeal its 2021 digital platform regulation so as to remove traceability requirements within end-to-end encrypted services, dismantling elements of its sovereign digital security architecture.[91] Commercial commitments included facilitating Biman Bangladesh's purchase of 14 Boeing aircraft, and about USD 3.5 billion in US agricultural products, including at least 700,000 tonnes of wheat annually for five years—treaty-level obligations binding on future governments.[92] The Centre for Policy Dialogue (CPD) estimated an annual revenue loss of about BDT 1,327 crore (approximately USD 108.00 million) from the tariff concessions alone.

That an unelected administration with days remaining in office bound its elected successors to 15-year commitments is the purest expression of the accountability vacuum this chapter documents.

4.4.5 Corruption within the Governing Network

Conversion was not confined to the apex. The National Citizen Party (NCP), which functioned as the de facto civilian support structure for the administration, saw its own officials implicated. The ACC summoned former NCP leaders and former personal staff

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[90] Agreement on Reciprocal Trade, 9 February 2026. Available: https://ustr.gov/; *Kallol Mustafa, "Why the trade agreement with the US is problematic," The Daily Star, 17 February 2026.*

[91] Agreement on Reciprocal Trade, Digital Trade and National/Economic Security provisions, 2026; *The Daily Star*, "US trade deal overshadows Bangladesh's economic freedom," 2026.

[92] The Financial Express, "Biman decides to buy 14 aircraft from Boeing," 2025; *The Financial Express (BD), "Bangladesh, US sign reciprocal tariff agreement," 2026*; CPD, tariff loss estimate, 2026.

of advisers Asif Mahmud and Nurjahan Begum over graft allegations; a former NCP leader faced travel bans and identity document blocking over financial irregularities; and an ACC complaint sought a probe into allegations that hundreds of crores had been exchanged through irregular channels involving a serving adviser.[93] [94]

Elements of the anti-discrimination student movement that had provided the administration with its civilian base moved from activism into organised extortion. Documented cases include a BDT 2.25 crore cheque recovered from the residence of a former student leader, cash recovered from a flat in an extortion case, and multiple BDT 50 lakh demands targeting former MPs and business figures; three movement leaders were placed on remand over a BDT 50 lakh extortion case.[95] At the local level, TIB data indicated that roughly 30 per cent of rural road development funds were lost to corruption and that over 40 per cent of LGED projects suffered serious irregularities, including phantom contractors.

The ICT, established to prosecute those responsible for atrocities during the July 2024 uprising, was engulfed in corruption allegations. An investigation found initial evidence, supported by audio recordings, that the former chief prosecutor had demanded bribes of BDT 1 crore to facilitate bail, and CCTV footage relevant to the inquiry was found to have been removed from a surveillance drive.[96] That the body charged with delivering transitional justice was compromised in this way speaks directly to the distance between the administration's rhetoric and its practice.

That distance is measurable. TIB found that the interim government failed to curb corruption despite its foundational anti-corruption rhetoric, and the Dhaka Chamber of Commerce and Industry documented that extortion rose by up to 50 per cent during the

[93] *The Daily Star, "ACC summons 2 former personal staff members of advisers, one ex-NCP leader," 2025*; *Jagonews24, "NCP's suspended leader Salahuddin Tanvir faces travel ban," 2025*; *The Daily Star*, "ACC complaint seeking probe into adviser", 2025.

[94] *The Daily Star, "ACC summons 2 former personal staff members of advisers, one ex-NCP leader," 2025*.

[95] *Institutional capture* research file, extortion cases; TIB, *LGED data*; ACC, probe reporting, 2024–2025.

[96] *The Daily Star, "Initial probe finds CCTV hard drive swap: prosecutor," 2 April 2026.*

period.[97] [98] When former government secretaries publicly alleged corruption against serving advisers, the response was to bin the remarks rather than to initiate independent investigation. The household-level evidence is set out and counted in Section 4.7.6.

Case 4.2 The Starlink Licence

The licensing of Starlink is the most internationally visible instance of preferential treatment in the period. The Chief Adviser personally directed that Starlink be licensed within 90 days, before the regulatory process had commenced. The Bangladesh Telecommunication Regulatory Commission (BTRC) issued Non-Geostationary Orbit licensing guidelines in March 2025 that were, in effect, tailored to the application, and completed formal licensing in approximately 34 days—which BTRC officials confirmed was the swiftest such recommendation the commission had ever made.[99]

Under the guidelines, the licensee pays no revenue share for the first two years, then 3 per cent of gross revenue in years three to five and 5.5 per cent thereafter, alongside a nominal per-device contribution. No other satellite internet operator was invited to apply simultaneously, creating what critics characterised as a structural monopoly in potential contravention of the Competition Act, 2012.[100] **The approval coincided with concurrent LNG and trade negotiations with US counterparts, fitting the broader pattern of preferential treatment for US commercial interests during the period. The foregone revenue is quantified in Section 4.8.**

Case 4.3 The Nagad Restructuring

The treatment of Nagad, Bangladesh's second largest mobile financial services (MFS) platform, is a clear case of regulatory power deployed to benefit political allies. Bangladesh Bank restructured the Nagad board and moved towards privatisation in circumstances that critics alleged were designed to facilitate a takeover by Barrister Faruk E Azam Arman, a figure associated with Jamaat-e-Islami. Arman was subsequently confirmed to be seeking investors for Nagad, and reporting

[97] The Daily Observer, "TIB slams interim govt for weak action against corruption," 7 December 2025; *The Daily Star, "Extortion rose by up to 50% during interim govt," 2026.*

[98] *The Daily Star,* "Extortion rose," 2025; TIB, *Annual corruption report 2025*.

[99] BTRC, *Licensing guidelines for Non-Geostationary Orbit (NGSO) satellite services operators,* 25 March 2025; *Jagonews24, "Yunus approves licence for Starlink to operate in Bangladesh," 2025*; *The Business Standard, "BTRC hands over licences to Starlink," 2025.*

[100] *The Diplomat*, analysis of the Starlink licence, 2025; *Rest of World*, "When Musk joined Trump, countries rolled out the red carpet for Starlink," 2025.

documented that the interim government may have deliberately devalued the platform to enable a low-cost acquisition.[101]

The Governor's position was further compromised by allegations that a group seeking a separate digital bank licence had prior institutional links to him. The Bangladesh Bank Officers Welfare Council publicly alleged that a board meeting to assess digital bank applications had been convened with unusual haste in order to push licences through before a new government could take office.[102] [103]

The combination—the devaluation of a state-supported asset, its steerage towards an aligned acquirer, and the rushed disposal of valuable digital bank licences on the eve of a transition—is the conversion of regulatory authority into an instrument of factional advantage in its most compressed form. The valuation is given in Section 4.7.2.

4.5 Mechanism III: Coercion and the Collapse of Law and Order

Concentration removed the institutions that could refuse; conversion extracted the benefit. Coercion is what deterred challenge to either.

4.5.1 Mob Adjudication and its Economic Consequence

The displacement of formal judicial process by mob adjudication imposed direct and indirect costs on the business and investment environment. For business, the practical consequences were the absence of a reliable dispute resolution mechanism, the inability to enforce contracts through the courts without physical risk to litigants and counsel, and a perception of heightened risk that made the country a materially less attractive destination for capital. .

[101] The Daily Star, "Govt to privatise Nagad," 2025; *The Business Standard*, "Frozen investments shrink market share as Nagad stuck in ownership dispute," 2025.

[102] The Daily Star, "BB defers primary nod for digital bank licences," 16 February 2026; *The Daily Star*, "BB defers primary nod for digital bank licences," 2026; Bangladesh Bank Officers Welfare Council, public statement, 2026.

[103] Bangladesh Bank Officers Welfare Council, public statement on digital bank licence applications, 2026; *The Daily Star*, "BB defers," 2026.

There were 637 mob lynching deaths between August 2024 and July 2025 and 2,442 episodes of communal violence beginning August 2024.[104] [105] Subsequent tallies corroborate the scale: Ain o Salish Kendra recorded 197 mob violence killings in 2025 alone,[106] and the Human Rights Support Society documented 259 mob violence deaths and a further 195 deaths in political clashes over the 17 months to the end of 2025.[107]

The business disruption cost of mass detention, factory occupation by political groups, and the general deterioration of the security environment has been estimated at between 0.5 and 1.0 per cent of GDP, roughly USD 2.3 to 4.6 billion in the FY2025 economy, with indirect costs from reduced FDI, lost investor confidence, and absent tourism substantially higher. This range applies to the same rule-of-law valuation methodology as Section 4.7.1 and is presented as context only; it is not counted separately in the chapter aggregate, which avoids double counting against the rule-of-law item.

The human cost of the administrative failures during this period extended far beyond just violence. The upcoming chapters will illustrate how the collapse of the immunisation delivery framework led to a measles outbreak.

The release of 43 top criminals and militants on bail from August 2024 further destabilised the security environment.[108] *The Diplomat* noted the concurrent rise of Islamic fundamentalist organisations benefiting from the political vacuum.[109] UN experts expressed outrage at violent attacks on the offices of *The Daily Star* and *Prothom Alo* in December 2025.[110]

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[104] *White paper economic data* research file, violence and instability series; ASK, *Annual human rights report 2025*.

[105] South Asia Democratic Forum (SADF), *SADF condemns Bangladesh's descent into mob rule*, December 2025.

[106] *The Business Standard*, "197 killed in mob violence in 2025: ASK," December 2025.

[107] Prothom Alo, "Human rights situation was alarming during 17 months of interim govt," 4 February 2026.

[108] *The Daily Star,* "43 top criminals, militants freed on bail since Aug 5."

[109] Snigdhendu Bhattacharya, "Islamic Fundamentalism Raises Its Head in Post-Hasina Bangladesh," The Diplomat (The Pulse).

[110] Asia News Network, "Impunity at the core of mob violence against media in Bangladesh: UN expert," 24 December 2025.

4.5.2 Mass Detention and the Ban on the Opposition

Operation Devil Hunt, launched on 8 February 2025, resulted in more than 20,000 arrests in its first phase, with a second phase in December 2025 adding a further 8,597 detentions.[111] Human Rights Watch and Amnesty International documented that the overwhelming majority of those detained were affiliated with the opposition Awami League, and that the operation amounted to a politically motivated mass detention campaign rather than a genuine law enforcement exercise; 25 custodial deaths of Awami League members were reported.[112]

On 11 May 2025, the Anti-Terrorism (Amendment) Ordinance, 2025 was promulgated, and within 24 hours, the Ministry of Home Affairs used the new power to ban all activities of the Bangladesh Awami League, the country's largest political party, with membership estimated in the tens of millions.[113] Human Rights Watch directly compared the measure to the previous government's practices, and Amnesty International stated that the ban called into question the administration's commitment to freedom of association. The banning of the principal opposition by an ordinance enacted the day before its application is the starkest single instance of the legislative mechanism analysed in Section 4.3.5, and the point at which concentration and coercion become indistinguishable.

4.6 The Shadow Economy, Increasing use of Cryptocurrency, and Capital Flight

The enforcement vacuum that capture produced had a specific consequence for the traceability of money. This section documents the channel through which value could leave the country without leaving a record.

[111] Human Rights Watch, World Report 2026: Bangladesh, 2026, as reported in UNB, "Politically motivated arbitrary detentions persist under Bangladesh interim govt: HRW," 4 February 2026; Amnesty International statements, 2025; South Asia Democratic Forum (SADF), *SADF condemns*, December 2025.

[112] Human Rights Watch, *Politically motivated*, April 2026; *Amnesty International*, "Bangladesh: Interim government must respect right to freedom of association," 2025.

[113] *Bangladesh Gazette,* "Anti-Terrorism (Amendment) Ordinance," 2025, 11 May 2025.

Bangladesh has no modern cryptocurrency law. The prohibition on virtual assets rests not on dedicated legislation but on the application of instruments written for other purposes: the Foreign Exchange Regulation Act, 1947, which Bangladesh Bank holds that cryptocurrencies "do not conform with"; the Anti-Terrorism Act, 2009; and the Money Laundering Prevention Act, 2012.[114] The central bank first warned against virtual assets in 2014, hardened its position in a cautionary notice of December 2017, and reiterated it at intervals thereafter, most recently in 2022, when it instructed banks to withhold assistance from virtual asset service providers and to strengthen transaction monitoring.[115] The position has been consistent for more than a decade. It has also been consistently ineffective.

Chainalysis ranked Bangladesh 13th in its 2025 Global Crypto Adoption Index, in a jurisdiction where domestic crypto transactions are nominally illegal.[116] TRM Labs, using a different methodology, placed Bangladesh 14th in the first quarter of 2025, four positions higher than its 2024 rank of 18th.[117] The two indices are constructed differently and should not be conflated, but they agree on both the level and the direction: Bangladesh sits inside the global top 15 for adoption, and it is rising.

The underlying participation is substantial. Approximately 4.3 million people, or 2.46 per cent of the population, are estimated to hold cryptocurrency.[118] Binance disclosed in 2024 that it had more than 600,000 Bangladeshi users, and Binance and Coinbase remain

[114] Bangladesh Bank, FE Circular No. 24, September 2022; *Lightspark, "Is Crypto Legal in Bangladesh?" n.d*; T. Gupta and G. Sodhi, "Crypto-Enabled Capital Flight and Its Impact on Emerging Market Investment Policy," International Journal for Multidisciplinary Research (IJFMR), vol. 7, no. 6, 29 November 2025; S. Gazi, "Balancing Innovation and Regulation: Evaluating Bangladesh's Approach to Virtual Assets and Compliance with the FATF Standards" in N. Azinge-Egbiri, N. Ryder, and E. Esoimeme, *Legal Transplantation of Global Anti-Money Laundering Standards*, Edward Elgar Publishing, 2026

[115] Chainalysis, 2025 Global Crypto Adoption Index, 2025, as reported in L. Mills, "Crypto Adoption Rises in Bangladesh Despite Restrictive Stance," Crypto Council for Innovation, 8 January 2026; *Dhaka Tribune*, "Bangladesh Bank for stronger monitoring of illegal [virtual asset activity]," 13 October 2022.

[116] Chainalysis, 2025 Global Crypto Adoption Index, 2025.

[117] TRM Labs, 2025 *Crypto adoption and stablecoin usage report*, 31 October 2025.

[118] World Population Review, *Bitcoin ownership by country*, cited in Crypto Council for Innovation, 8 January 2026.

the dominant venues, with Bybit and eToro also commonly used.[119] Bitcoin and Ethereum are the most widely held assets. Among students and younger users, participation frequently begins with airdrops, which distribute tokens in return for small online tasks and require no capital to enter.[120]

Figure 4.1 Top 20 countries for cryptocurrency adoption, with Bangladesh ranked 14th (TRM Labs, 2025)



Two drivers explain the gap between prohibition and practice. The principal one is remittances. Inflows reached an all-time high of more than USD 30 billion in 2024-25, and, for the households receiving them, the relevant comparison is not between legal and illegal channels but between fast and slow ones.[121] Peer-to-peer transfer is quicker and generally cheaper than the formal banking route, which remains bureaucratic and continues to exclude a substantial share of the population.[122] Where the official exchange rate is held below the market rate, as it was for much of the period examined here, the incentive is not merely convenience but arbitrage.

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[119] *Coinpedia*, "Crypto regulations in Bangladesh in 2024"; *The Business Standard*, "How crypto thrives in Bangladesh's legal grey zone," both cited in Crypto Council for Innovation, 8 January 2026.

[120] *The Business Standard*, "How crypto thrives," cited in Crypto Council for Innovation, 8 January 2026.

[121] *The Daily Star*, "Remittance jumps 31%," 2025, cited in Crypto Council for Innovation, 8 January 2026.

[122] *The Financial Express*, "Financial inclusion: banking with unbanked communities," cited in Crypto Council for Innovation, 8 January 2026.

The second is domestic infrastructure, which the prohibition left untouched. Press investigation indicates that mobile financial service agents participate in crypto trading, providing the cash-out leg that converts digital balances into BDT.[123] The regulated retail payments network therefore supplies the settlement layer for the unregulated asset, which explains why enforcement directed at exchanges has had so little effect: the exchange is offshore, but the agent is at the end of the street.

The vacuum was maintained rather than closed. Because the cautionary notices never defined virtual assets as "property" within the penal code, no clean basis exists for treating holdings as proceeds of crime, and High Court observations in 2025 noted that the notices were legally insufficient to sustain a money laundering conviction absent parliamentary amendment. Virtual assets were deliberately omitted from the list of authorised instruments when the Foreign Exchange Rules were consolidated in 2025—an omission made by a state that was simultaneously pursuing a national blockchain strategy and taxing crypto income, and which had the effect of keeping a sector of at least four million participants outside any taxable, supervised, or forensically traceable framework.

Expatriate workers increasingly shifted to USDT (Tether) for remittances in order to bypass low official exchange rates, creating what analysts term "digital hundi," a modern iteration of the traditional informal remittance network.[124] These bypassed official reserves, contributed to a documented 15 per cent drop in bank-channel remittances, and placed severe pressure on FX reserves by late 2025. Mobile financial service platforms, including bKash and Nagad, were exploited as the domestic currency leg for peer-to-peer trades on exchanges such as Binance, with the corresponding value transferred offshore.

The same vacuum served as a significant instrument for money laundering and terrorist financing. Bangladesh failed to conduct a Virtual Asset Sectoral Risk Assessment or to implement a licensing framework for Virtual Asset Service Providers, leaving it rated only "Partially Compliant" with Financial Action Task Force (FATF) Recommendation

[123] *The Business Standard*, "How crypto thrives," cited in Crypto Council for Innovation, 8 January 2026.

[124] TRM Labs, *Crypto crime report*, 2026; Disruption Banking, *Bangladesh's crypto boom*, December 2025.

15. It did not implement the FATF travel rule requiring identification of crypto senders and receivers, allowing anonymous peer-to-peer transfers to serve as a primary mechanism of capital flight, with suspicious activity reports constituting only 3.3 per cent of total reporting.[125]

In March 2026, shortly after the close of the scope period, the Criminal Investigation Department recovered BDT 44.14 crore in USDT linked to Metaverse Foreign Exchange Group (MTFE), demonstrating that technical tracking was feasible but had been selectively neglected.[126] These forensic gaps sit alongside the longer-standing structural channel of trade misinvoicing, through which Bangladesh is estimated to have lost about USD 68 billion over a decade. Consistent with the treatment set out in Section 1.4, that decade-scale estimate is noted here and excluded from every total in this report.

Consistent with these enforcement gaps, Swiss National Bank (SNB) statistics show deposits linked to Bangladeshi nationals and entities rising from a record low of CHF 17.7 million at end 2023 to CHF 589.5 million at end 2024 and CHF 834.16 million (approximately BDT 12,751 crore) at end 2025—a 41 per cent rise in 2025 alone and the highest level in four years.[127] The increase of approximately CHF 244.7 million (USD 0.31 billion) between end 2024 and end 2025, and of approximately CHF 816.5 million (USD 1.05 billion) from the pre-transition 2023 low, coincides with the period in which the oversight institutions documented in this chapter were disabled.

Because the SNB series does not disaggregate depositor type, and because placements by banks account for 98.6 per cent of the 2025 total, the figure is reported as a documented outflow indicator (Type II*) and excluded from the conservative aggregate rather than counted as a realised loss.

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[125] Asia/Pacific Group on Money Laundering (APG), Anti-money laundering and counter-terrorist financing measures – Bangladesh, Mutual Evaluation Report, October 2016; BFIU, National Risk Assessment and FIU Awareness Programme, February 2026; *The Daily Star, "Bangladesh bled $68b in 10yrs," 29 March 2026 (print edition)*

[126] MTFE Investigative Documentary; *The Business Standard, "CID recovers Tk44.14cr laundered abroad through crypto fraud," 2026*; TRM Labs Intelligence Briefing 2026.

[127] SNB, "Banks in Switzerland," annual banking statistics, 2025 edition; reported in R. K. Byron, The Daily Star, "Swiss Banks: Bangladeshis' deposits surge 41%," 19 June 2026.

4.7 The Economic Cost of Capture

This section quantifies the losses traceable specifically to the mechanisms documented in Sections 4.3 to 4.6. It excludes the broader macroeconomic and sectoral losses—GDP opportunity cost, energy subsidy haemorrhage, employment destruction, agricultural decline, and banking system NPL accumulation—which are analysed in Chapters 5 to 8. The distinction matters: the losses counted here arise from the capture of regulatory institutions and the conversion of public authority to private gain, not from macroeconomic policy failure or inherited structural problems.

4.7.1 From Judicial Capture

The collapse of the rule of law imposed a direct business environment cost. With 46 judges removed under crowd pressure, 849 lawyers persecuted, and courts effectively unable to hear commercial disputes without physical risk to litigants and counsel, the economy lost access to reliable contract enforcement for the duration of the crisis.[128] [129] The characterisation of Bangladesh as an ochlocracy was reflected in the EUAA's designation of the country as meeting asylum-relevant country-of-origin criteria, a designation with direct implications for foreign investor and buyer confidence.[130] Standard IMF methodology values rule-of-law deterioration of this severity at 0.5 to 1.0 per cent of GDP annually. Applied to the 18-month scope period at FY2025 nominal GDP of approximately USD 460 billion, this implies a Type I opportunity loss of USD 1.3 to 2.6 billion.

Operation Devil Hunt generated a second and more directly measurable loss. The detention of more than 28,000 people, overwhelmingly Awami League members, removed workers, business owners, and professional staff from the economy for periods ranging from weeks to months.[131] Applying a conservative average economic output value of USD 2,000 per detained person over an average detention period of three months

[128] Sri Lanka Guardian, "When Justice Becomes a Crime: Bangladesh's War on Its Own Lawyers," 31 October 2025.

[129] ASK, *Annual Human Rights Report 2025*.

[130] RRAG, *ochlocracy rules*, August 2025.

[131] Human Rights Watch, *Politically motivated*, April 2026.

yields a Type II direct output loss of approximately **USD 168 million**, before any account is taken of the permanent chilling effect on the businesses and professional networks of those detained.

The persecution of the legal profession imposed direct costs in lost practice income, legal defence costs, and psychological harm, estimated conservatively at **USD 50 to 100 million** in aggregate, while degrading the quality of legal services available to business and eroding the institutional confidence of the bar.[132]

4.7.2 From Central Bank and Capital Market Capture

Four categories of quantifiable loss from the capture of the Bangladesh Bank and BSEC.

First is the politicisation of Bangladesh Bank's CSR resources. The direction of commercial bank CSR funds towards the referendum campaign, confirmed with a BDT 10 million central bank contribution plus undisclosed commercial bank contributions, and the alleged misappropriation of the CSR account by the Governor, represent Type II losses of documented public interest funds converted to partisan use.[133] [134]

Second is Nagad restructuring. The platform had 80 million registered users and a transaction volume in the tens of billions of BDTs annually at the time of restructuring. The value transferred through below-market acquisition is not publicly disclosed; based on comparable mobile financial service valuations in South Asia, the undervaluation is estimated at **USD 50 to 100 million.**[135] [136]

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[132] Sri Lanka Guardian, "When Justice Becomes a Crime: Bangladesh's War on Its Own Lawyers," 31 October 2025.

[133] *The Daily Star*, "Referendum," 2025; *The Financial Express (BD), "Student leader says Bangladesh Bank funded referendum 'Yes' campaign with Tk 10m," 25 April 2026.*

[134] *Kaler Kantho,* "CSR Fund," 3 April 2026.

[135] The Daily Star, "Govt to privatise Nagad," 2025

[136] The Daily Star, "BB defers primary nod for digital bank licences," 16 February 2026*; The Daily Star*, "BB defers," 2026.

Third, the winding up of nine non-bank financial institutions during the period generated depositor and investor losses estimated at **USD 100 to 200 million**, depending on recovery rates from the wound-up portfolios.[137]

Fourth, the BSEC leadership vacuum produced a measurable capital market loss. The DSE broad index fell from approximately 5,280 in July 2024 to a four-year low of 4,638 in May 2025, and year-end market capitalisation fell roughly 15 per cent from BDT 7.81 trillion at end 2023 to BDT 6.63 trillion at end 2024—an erasure of approximately BDT 1.2 trillion, or USD 9.9 billion at BDT 119 per dollar, in a single year.[138] [139] [140] The full market capitalisation loss is quantified in Chapter 6; to avoid double counting, only the share attributable to the regulatory vacuum itself, estimated at 5 to 10 per cent of the total, or **USD 0.5 to 1.0 billion**, is counted here. The Moshihor Securities fraud generated documented DSE loss claims of BDT 680 million, approximately **USD 57 million**.[141] The BDT 90,000 crore investor allegation is excluded from every total.

The widening of the lending-deposit spread to 5.65 per cent, the highest in 15 years, from a pre-transition baseline of approximately 3.5 per cent, carries a Type III dimension attributable to banking sector capture and the resulting risk premium.[142] The excess spread of 2.15 percentage points across private sector outstanding credit of approximately BDT 16,000 billion implies an additional annual interest burden on private borrowers of roughly BDT 344 billion, approximately USD 2.9 billion per year. Attributing one third of this to the capture channel—the remainder reflecting inherited NPL risk and macroeconomic conditions—generates a Type III cost of approximately USD 500 million to 1 billion annually, or **USD 0.75 to 1.5 billion** over the scope period.

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[137] The Daily Star, "Govt to privatise Nagad," 2025; *BSS News*, "capital repatriation," 2025.

[138] DSE, *Monthly Index Series (DSEX, DS30, DSES),* July 2024–February 2026; *White paper equity market data* research file.

[139] DSE, *Monthly Close Data; DSEX: 4,637.9*, May 2025.

[140] DSE, *Market Capitalisation Series, 2008–2025*.

[141] *Dhaka Tribune*, "Investors: 90,000 crore looted," 2025.

[142] Bangladesh Bank, *Economic trends, weighted average deposit and lending rates*, 2019–February 2026.

4.7.3 From the Grameen Nexus and Crony Contracting

The Grameen nexus represents the most concentrated set of Type II and Type III losses in this report, because it involves the transfer of identifiable public assets and fiscal concessions to entities connected to the head of government without recusal, disclosure, or independent review.

The five-year tax waiver reinstated for Grameen Bank by the NBR, under the direct supervision of a Chief Adviser who was simultaneously restructuring the NBR, is a straightforward Type III loss of state fiscal revenue.[143] [144] Grameen Bank's annual pre-tax profit has historically ranged from BDT 2,000 to 2,500 crore; at a corporate tax rate of approximately 30 per cent, annual revenue foregone is roughly USD 20 to 25 million, implying a five-year transfer of approximately USD 100 to 125 million. Of that, approximately **USD 30 to 38 million** accrues within the scope period and is counted; the remainder is a forward liability. The full nexus valuation is consolidated in Chapter 8.

The reduction of government equity in Grameen Bank from 25 per cent to as little as 5 per cent, with the removal of the power to appoint the chairman, transferred control rights over a profitable and strategically important financial institution without compensation and without parliamentary approval.[145] Applying a 20 per cent control premium to the book value of the transferred stake in an institution with BDT 37,000 crore in outstanding loans implies a Type II public asset loss of **USD 50 to 100 million**.

The cancellation of 31 renewable energy projects, representing approximately 3,287 megawatt (MW) and USD 6 billion in proposed investment, generated a Type II loss of approximately **USD 300 million** in committed capital from international investors that cannot be recovered.[146] TIB warned that arbitrary cancellation raised legal questions that may generate further liability for the state.

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[143] *The Financial Express, "Grameen Bank exempted from tax until 2029," 2024*

[144] *en.Ittefaq*, "NBR grants 5-year tax waiver for Grameen Bank"; *Prothom Alo, "New university 'Grameen University' approved," 18 March 2025*.

[145] Grameen Bank (Amendment) Ordinance, 2025. Available: http://bdlaws.minlaw.gov.bd/act-1535.html

[146] TIB, statements on renewable project cancellations, 2025; National Review Committee findings as reported by *The Daily Star* and IEEFA.

Three further items accrue beyond the window and are recorded in Section 4.8 rather than counted here. The Starlink licence terms—zero revenue share in years one and two, 3 per cent in years three to five, and 5.5 per cent thereafter, against standard emerging market satellite internet arrangements of 5 to 10 per cent from issuance—imply foregone revenue of USD 20 to 50 million over five years, on an estimated initial subscriber base of 50,000 to 150,000 users paying USD 25 to 35 per month in a market expected to reach several hundred thousand subscribers.[147] [148] The port concessions, concluded without tender and with terms undisclosed, imply a Type III shortfall of USD 500 million to 1 billion over their 30-year terms on a benchmark revenue share of 5 to 10 per cent of throughput fees for a terminal handling 40 per cent of Bangladesh's USD 50 billion annual merchandise trade.[149] [150] And the 15-year LNG agreement, if above benchmark by 15 to 20 per cent on an annual commitment of approximately USD 1 billion, generates an excess cost of USD 150 to 200 million per year, or USD 1.5 to 3 billion over its term, with the trade agreement's tariff concessions adding approximately USD 1.1 billion over ten years.[151] [152] [153]

4.7.4 From the Legislative Capture

The attempted capture of the NBR generated a directly measurable revenue loss. The nationwide work stoppage, the suspension of 14 senior tax administrators, and the

[147] Bangladesh Telecommunication Regulatory Commission (BTRC), Regulatory and Licensing Guidelines for Non-Geostationary Orbit (NGSO) Satellite Services Operator in Bangladesh, 26 March 2025.

[148] *The Diplomat*, analysis of the Starlink licence, 2025.

[149] The Daily Star, "Govt signs 30-year deal with Danish APM for Laldia Container," November 2025; *en.Bonik Barta*, "Laldia Container Terminal deal," 2025.

[150] *Prothom Alo*, "107 eminent citizens," 2025.

[151] *Excelerate Energy (Business Wire), "Former Ambassador Peter D. Haas Joins Excelerate Energy as Strategic Advisor," 30 September 2024*; *Prothom Alo, "US business delegation led by Peter Haas meets Chief Adviser Muhammad Yunus," 2025*.

[152] *The Daily Star*, "Anu Muhammad."

[153] CPD, tariff loss estimate, 2026; *The Financial Express (BD), "Bangladesh, US sign reciprocal tariff agreement," 2026*.

compulsory retirement of others disrupted collection at a critical fiscal moment.[154] [155] Assuming a 10 to 15 per cent shortfall in monthly collection over a three-month effective disruption period, on monthly collections of approximately BDT 25,000 to 28,000 crore, this yields a Type I/II revenue loss of approximately **USD 200 to 400 million**.

The BERC amendment's removal of tariff adjustment authority contributed to the energy crisis that reduced RMG output by up to 30 per cent.[156] Attributing one quarter of the institutional share of that disruption to the amendment specifically, and applying it to an RMG export base of approximately USD 1 billion, yields between **USD 200 million and 400 million**. The deliberate expiry of 20 reform ordinances generated institutional transition costs—process reconstitution, legal uncertainty, and the re-litigation of settled procedures—estimated at **USD 100 to 200 million**.[157]

4.7.5 Local Government and Grass-Roots Corruption

The diversion of public resources through the dismantlement of local governance generated Type II losses that are unusually well evidenced. The disappearance of 140,000 tonnes of fertiliser (approximately BDT 2,000 crore) and 64,000 tonnes of undelivered stock (approximately BDT 620 crore), documented in Local Government Division records and media investigation, implies a loss of approximately **USD 220 million** in agricultural inputs diverted from the farmers who needed them.[158] [159] The diversion of VGF rice and Open Market Sale (OMS) food programmes by politically aligned networks adds a further estimated **USD 40 to 60 million**.

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[154] Revenue Policy and Revenue Management Ordinance, 2025. Available: http://bdlaws.minlaw.gov.bd/act-1537.html

[155] The Daily Star, "Tax, customs officials protest draft law on NBR split," 30 April 2025; *The Business Standard, "NBR staff call off protest as govt goes tough," 29 June 2025*

[156] Bangladesh Energy Regulatory Commission (Amendment) Ordinance, 2024. Available: http://bdlaws.minlaw.gov.bd/act-1503.html; *The Daily Observer, "Power Crisis Cripples RMG Output by 30pc, Raising Export Risks," 14 April 2026.*

[157] *The Daily Star, "Key reform ordinances left to expire," 3 April 2026*.

[158] Local Government Division, administrative data compiled in *White paper economic data* research file.

[159] *Prothom Alo* and *The Daily Star*, fertiliser distribution irregularities reporting, 2024–2025; Local Government Division, administrative data on VGF programme diversions.

The corruption documented at the institutional level in Section 4.4.5—the ICT prosecutor, the ACC summonses, the adviser-linked channels, and the student extortion cases—represents a documented aggregate in the range of **USD 100 to 200 million** in directly attributed irregularities.[160] [161] [162] This almost certainly understates the true figure, given the absence of independent auditing and the selective prosecution environment documented throughout.

4.7.6 Systemic Bribery

TIB's national household survey, covering November 2024 to October 2025, found that households paid BDT 12,633.2 crore (approximately **USD 1.10 billion** at BDT 115 per dollar) in bribes to obtain public and semi-public services under the interim administration—an increase of 15.9 per cent over the 2023 survey, and equivalent to 1.58 per cent of the FY2025 national budget.[163] The share of households experiencing corruption in at least one service sector rose from 70.9 per cent in 2023 to 81.6 per cent, and judicial services carried the highest average bribe per household at BDT 24,691—a finding consistent with the judicial capture documented in Section 4.3.1.

The full documented burden of USD 1.10 billion is counted as a Type III transfer extracted from households through captured service delivery. Readers who prefer a strict incremental convention against the 2023 baseline should count approximately USD 0.15 billion. The Swiss deposit indicator of Section 4.6 is excluded from the aggregate for the reasons given there.

Table 4.2 Consolidated loss table: institutional capture specific losses

Loss category	Loss type	Conservative estimate (USD)	Basis and caveat
Rule of law collapse: business disruption, absent contract enforcement (18 months)	Type I	1.3 to 2.6 bn	IMF methodology, 0.5 to 1.0% GDP over 18 months; not additive with any economy-wide GDP aggregate

[160] *The Daily Star, "Initial probe finds CCTV hard drive swap: prosecutor," 2 April 2026.*

[161] *The Daily Star, "ACC summons 2 former personal staff members of advisers, one ex-NCP leader," 2025*.

[162] *Institutional capture* research file, extortion cases; ACC, probe reporting, 2024–2025.

[163] TIB, *Corruption in service sectors,* June 2026; *TIB survey reported in The Business Standard, June 2026.*

Operation Devil Hunt: 28,000+ detained, lost economic output	Type II	168 to 350 mn	Output value per detainee × detention period
Legal profession persecution: 849 lawyers, 200 fabricated cases	Type II	50 to 100 mn	Direct professional losses; conservative
Bangladesh Bank CSR / referendum fund misappropriation	Type II	4+ mn confirmed; broader undisclosed	Media documentation; BDT 48+ crore confirmed
Nagad: state asset devalued and steered to aligned acquirer	Type II	50 to 100 mn	Comparable MFS valuations; transfer terms undisclosed
Nine NBFIs wound up: depositor and investor losses	Type II	100 to 200 mn	Estimated recovery rates
BSEC vacuum: capital market decline, capture share	Type II	500 mn to 1 bn	Capture-attributable share of the USD 9.9 bn loss quantified in Chapter 6
Moshihor Securities fraud (DSE loss claims)	Type II	~57 mn	DSE records
Excess interest rate spread, capture share	Type III	0.75 to 1.5 bn (18 months)	2.15 pp excess spread on BDT 16,000 bn credit; one-third attribution
Capital market investor allegation: BDT 90,000 crore	Type II*	7.5 to 8 bn (allegation)	Unaudited; excluded from all totals
Grameen Bank tax waiver: in-period portion (18 of 60 months)	Type III	30 to 38 mn	Remainder in Section 4.8; full transfer consolidated in Chapter 8
Grameen Bank: equity reduction (25%→5%), control rights lost	Type II	50 to 100 mn	Control premium on transferred stake
Renewable energy cancellations	Type II	~300 mn	Committed investment lost or at legal risk
NBR capture attempt: work stoppage and revenue shortfall	Type I/II	200 to 400 mn	10 to 15% monthly shortfall over 3 months
BERC deregulation: institutional share of RMG energy disruption	Type I	200 to 400 mn	One quarter of capture-attributable RMG impact
Expired reform ordinances: institutional disruption	Type I	100 to 200 mn	Process reconstitution, legal uncertainty

Fertiliser diversion: 140,000 MT + 64,000 MT undelivered	Type II	~220 mn	Market price of diverted stock; LGD records
VGF / OMS food aid diversion	Type II	40 to 60 mn	Estimated from reported diversions
ICT tribunal, NCP graft, student extortion (documented instances)	Type II	100 to 200 mn	ACC and media documentation
Systemic bribery in service delivery (TIB household survey)	Type III	~1.10 bn	BDT 12,633.2 crore at BDT 115/USD; increment over 2023 baseline ~USD 0.15 bn
Swiss bank deposit surge (SNB, end 2023 to end 2025)	Type II*	0.31 bn (2024–25); 1.05 bn from 2023 low	Documented outflow indicator; excluded from aggregate

Notes: August 2024 to February 2026. Figures marked Type II are unaudited allegations or indicators of uncertain composition and are excluded from the conservative aggregate. Forward liabilities are reported separately in Section 4.8. All estimates are conservative; the absence of independent auditing makes comprehensive measurement impossible.*

Table 4.3 Consolidated institutional capture losses by category

Aggregate category	Conservative range (USD)	Note
A. Judicial capture and rule of law collapse	1.5 to 3.0 bn	Excludes long-term deterrence effects; rule-of-law item computed on 18 months
B. Central bank and capital market capture	1.5 to 2.9 bn	Excludes the BDT 90,000 crore allegation; includes capture share of the loss quantified in Chapter 6
C. Crony contracting realised in period	~0.3 bn	Renewable energy cancellations; forward exposures in Section 4.8
D. Legislative capture and ordinance disruption	0.5 to 1.0 bn	N/A
E. Local government dismantlement and documented corruption	0.4 to 0.5 bn	Documented irregularities only
F. Grameen nexus in-period transfers	~0.1 bn	In-period waiver portion and control transfer; full valuation in Chapter 8
G. Systemic bribery (TIB household survey)	~1.1 bn	Type III transfer; increment over 2023 baseline ~0.15 bn
Total, conservative in-period aggregate	**USD 5.3 to 8.9 bn**	Excludes forward liabilities and all Type II* items

Memo: capital market investor allegation (unaudited)	USD 7.5 to 8 bn	Conditional on verification; excluded
Memo: Swiss bank deposit rise, end 2024 to end 2025	USD 0.31 bn	Documented outflow indicator; excluded

Notes: The conservative aggregate of USD 5.3 to 8.9 billion is independent of, and additive to, the broader macroeconomic and sectoral losses estimated in Chapters 5 to 8. It is built bottom-up from documented events, contains no economy-wide GDP aggregate, and excludes the forward liabilities of Section 4.8.

Expressed per head, the capture losses of USD 5.3 to 8.9 billion across a population of approximately 170 million amount to USD 31 to 53 per citizen. For a country with a per capita GDP of approximately USD 2,793 in FY2024, this represents 1.1 to 1.9 per cent of annual per capita income—taken not by market forces or adverse shocks but by the deliberate conversion of public institutions to private use.

4.8 Forward-Looking Liabilities

Several decisions documented in this chapter create ongoing liabilities that fall on successor governments. They are reported separately and are not counted in the main estimate.

The 15-year LNG agreement carries an above-benchmark pricing exposure of approximately USD 1.5 to 3 billion over its term, and the US trade agreement tariff concessions imply approximately USD 1.1 billion in foregone revenue over ten years.[164] The non-competitive port concessions carry an indicative benchmark shortfall of USD 0.5 to 1 billion over their 30-year terms; the Starlink licence terms imply USD 20 to 50 million in foregone revenue share over five years; and the remaining years of the Grameen Bank tax waiver a further USD 65 to 90 million. Together, these forward liabilities amount to approximately **USD 3.2 to 5.2 billion**.

Separately, the 20-year deferral of banking sector provision shortfalls converts USD 6 to 14 billion of present insolvency into a future recapitalisation bill. Because that is the fiscal incidence of losses already counted in Chapter 6, it is noted here without being

[164] Institutional Capture, *Long-term effects* research file; Bangladesh Bank, *Financial stability report 2025*; Agreement on Reciprocal Trade, 2026.

added to any total.[165] The Nagad acquisition, if completed at below-market terms, transfers a digitally strategic asset to a private party in a manner that may prove difficult to reverse.

4.9 Structural Effects Beyond the Period

4.9.1 The Hollowing Out of Institutions

The legislative pattern examined in Section 4.3.5 established precedents that outlast their authors. Bringing the NGO liaison body under the Chief Adviser's executive control, removing the central bank Governor's age limit to accommodate a specific appointment, and legislating by ordinance on matters of fundamental institutional design all normalise the subordination of neutral bodies to executive preference.[166] The deeper cost is the hollowing out of the institutions themselves. When a central bank, a securities regulator, a revenue board, or an apex court operates as an extension of a personal or executive network rather than as a rule-bound body, it loses the institutional memory, professional independence, and public standing that take decades to build and that cannot be restored by a change of personnel alone.

4.9.2 Embedded Fragility and Policy Lock-In

Several decisions embedded fragility that successor governments cannot quickly unwind. The banking sector's BDT 1.7 trillion provision shortfall, deferred over 20 years, converts present insolvency into a slow-burning fiscal liability. The deregulation of energy pricing removed the state's tariff-setting authority precisely as energy markets grew more volatile. And the entry into long-term, non-competitive commitments—the 15-year LNG agreement, the binding US trade treaty, and multi-decade port concessions—locks future administrations into terms they did not negotiate, even as conditional multilateral financing was slowed by reform shortfalls.[167] Policy lock-in of

[165] Bangladesh Bank, *Financial stability report 2025*; *Institutional capture* research file, long-term effects section.

[166] *Institutional capture*, *Long-term effects* research file; Institutional Capture, Central Bank research file.

[167] Institutional capture, Long-term effects; Bangladesh Bank, *Financial stability report 2025*; Agreement on Reciprocal Trade, 2026.

this kind is the mechanism by which a transitional administration's choices become a permanent constraint on democratic policymaking.

4.9.3 The Normalisation of Mob Rule

The increase in mob violence deaths and the displacement of courts by crowd adjudication are not reversed automatically when order is formally restored. The forced resignation of senior judges, the persecution of more than 800 lawyers on fabricated charges, and the release of high-profile detainees while looted firearms remained in circulation together chill the legal profession and erode the deterrent architecture of the justice system for years.[168] A society that has learned that verdicts can be delivered by crowds, and that lawyers can be prosecuted for representing disfavoured clients, does not unlearn it on the day a new government is sworn in.

4.9.4 The Collapse of Public Trust

The gap between the administration's reformist language and its practice corrodes the most important public asset of all: trust in the possibility of honest government. The administration repealed a repressive cyber law while introducing new surveillance and media control instruments; it campaigned against corruption while its own advisers' staff and allied student leaders faced extortion and influence-peddling allegations; and it invoked the welfare of the people while administrative failures in vaccine procurement produced hundreds of preventable child deaths.[169] The long-term effect is a deepened public cynicism that makes genuine future reform harder because citizens have learned to discount the language of reform itself.

4.10 The Architecture of Unaccountable Governance

The evidence assembled in this chapter describes a governance regime that undermined Bangladesh's economic, institutional, and social foundations while deploying the language of reform as cover for the concentration of unaccountable power.

[168] *Institutional capture, Long-term effects*; Sri Lanka Guardian, 31 October 2025; ASK, 2025.

[169] *Institutional capture*, *Long-term effects* and *Economic correlation* research files; *The Daily Star* and *Prothom Alo*, health sector reporting, 2025–2026.

The invocation of extra-constitutional legitimacy created a vacuum in which ordinances substituted for legislation, administrative decision for judicial process, and political loyalty for professional competence. The result, documented across banking, energy, agriculture, infrastructure, trade, health, and the judiciary, is an economy performing at near-COVID lows, a banking system with roughly a third of all loans non-performing, a health infrastructure that allowed preventable disease to kill hundreds of children, and a rule-of-law environment in which mob violence became the primary mechanism of social adjudication.

The chapter's central proposition—that institutional and regulatory capture was the structural cause, rather than merely a symptom, of this deterioration—rests on the cross-sectoral consistency of the evidence and on the sequence set out in Section 4.2.3. The same governing logic recurs in every domain examined: the removal of the central bank Governor's age limit, the besieging of the BSEC chairman, the 12-day port award, the 34-day Starlink licence, the dismantlement of elected local government, and the banning of the principal opposition by an ordinance enacted the day before it was used. In each case, the institution capable of objecting had been removed first.

Discretionary authority, unmediated by rule, convention, or oversight, was the operative principle of government. The cost of that principle, counted conservatively and once, was USD 5.3 to 8.9 billion within the window, with a further USD 3.2 to 5.2 billion committed to fall on those who came after.

CHAPTER 5

From Capture to Economic Mismanagement

5.1 Introduction

Chapter 4 highlighted that the interim administration dismantled institutions that could have limited its power. This led to high economic costs due to crony contracting, private gains, and systemic corruption. Additionally, some economic costs remain unquantified at this stage because of their long-term structural effects.

This chapter estimates the in-period loss from economic mismanagement at **USD 28-38 billion** on a bottom-up basis. The aggregate GDP shortfall is reported as context; items belonging to other chapters are counted there, and forward liabilities are reported separately.

The following chapters will provide specific details on the economic losses experienced in the banking and financial sectors, as well as the investment environment.

Economic growth has declined significantly and is expected to continue slowing. Provisional FY2025 growth fell to 3.49 per cent[170] against a pre-2024 trend of 6.5 to 7 per cent, implying foregone output of USD 11 to 14 billion in FY2025 alone. The tax-to-GDP ratio collapsed to 7.4 per cent,[171] ranking it among the world's lowest. The Annual Development Programme (ADP was executed at 11.5 per cent of allocation,[172] the lowest in recorded history. The policy rate was held at 10 per cent throughout,[173] compressing private credit growth to a 15-year low of 5.8 per cent without controlling supply-driven inflation averaging 9.8 per cent. The effects are clearly observed in several sectors, including, but not limited to, those summarised in Table 5.1.

[170] BBS, *Accounts estimates FY2024-25*, 2025.

[171] *The Australia Today*, "Bangladesh at breaking point: Crisis deepens under Yunus-led government," 2025.

[172] BBS, *Accounts estimates FY2024-25*, 2025.

[173] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

Table 5.1 Summary of counted losses (USD billion)

Sector	Loss type	Low	High
Energy: realised fiscal and operational loss	Type II/III	10.3	12.9
Employment and labour market destruction	Type I/II	3.6	4.0
Agriculture, all components	Type I/II/III	2.8	3.6
Business, trade, and exports	Type I/II	5.0	7.8
Infrastructure: cost escalations and setbacks	Type II/III	5.0	8.0
Health system costs (to February 2026)	Type II	0.6	1.0
Governance and local administration	Type II/III	0.4	0.6
Total (in period, bottom-up)		**27.7**	**37.9**
Memo: GDP opportunity loss (context, not counted)	Type I	17	22
Memo: items counted in Chapters 4, 6, 7, and 8		~9	~13
Memo: forward liabilities (Section 5.7.3)	Type I/III	12.7	24.2

The Labour Force Survey 2024 recorded the first contraction since 2010, a net loss of 1.74 million workers,[174] of whom roughly 94 per cent were women.[175] [176] Research by the CPD found 2.1 million jobs lost in the first half of FY2025 alone, 85.7 per cent of them women's.[177] Bangladesh Garment Manufacturers and Exporters Association (BGMEA) documented 353 factory closures and 119,842 direct job losses over 14 months;[178] over 500,000 garment workers were living in "inhumane conditions" by the end of 2025.[179]

[174] Bangladesh Bureau of Statistics (BBS), Labour Force Survey 2024, Dhaka: BBS, 2025.

[175] ibid.

[176] The Daily Star, "Women's participation in labour force falling," 2025.

[177] The Financial Express, "Economic downturn hits working women hardest in Bangladesh," 26 May 2025.

[178] BGMEA data reported by Apparel Resources, 2025.

[179] Business & Human Rights Resource Centre, "Bangladesh: Over half a million garment workers living in inhumane conditions due to factory closures.".

Beximco terminated 40,000 workers across 16 factories.[180] [181] The combined cost of employment destruction is estimated at USD 4.0 to 5.5 billion.[182] [183] [184] [185]

In energy, the BPBD buys electricity at an average of BDT 11 per unit and sells it at approximately BDT 7.04,[186] [187] generating USD 3 to 4 billion per year in required subsidy transfers.[188] [189] The NRC confirmed solar contracts priced 70 to 80 per cent above international benchmarks, heavy fuel oil 40 to 50 per cent above, and gas-based projects approximately 45 per cent above.[190] Cumulative subsidy burden reached approximately USD 10.64 billion.[191] [192] Unpaid dues to independent power producers reached USD 846 million.[193]

Agriculture recorded its worst multi-season performance in a decade, with five to six urea plants shut during the Aman transplanting window,[194] "billions lost" in fertiliser import corruption,[195] [196] 1.1 million tonnes of rice destroyed by flood,[197] and 16 million

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[180] *Jagonews24, "Beximco's 14 factories completely closed, workers laid off," 2025.*

[181] *Just Style*, "Beximco group lays off 40,000 garment factory workers," 2025.

[182] BBS, *Labour Force Survey 2024*, 2025.

[183] *The Financial Express, "Economic downturn hits working women hardest in Bangladesh," 26 May 2025.*

[184] World Bank, *Job creation key to equality and faster poverty reduction in Bangladesh,* press release, 25 November 2025.

[185] ILO, "Bangladesh: Job creation and economic diversification remains top priority for government, employers and workers in 2025," 4 March 2025.

[186] PGCB, *Half yearly generation, demand and load shedding database, 2015 to 2025*. https://erp.powergrid.gov.bd/w/generations/view_generations

[187] *The Business Standard*, "What makes Bangladesh's power sector bleed billions?", 2025.

[188] IEEFA, *Fixing Bangladesh's power sector, IEEFA Report, 2024*.

[189] *The Business Standard*, "Power sector," 2025.

[190] NRC, *Energy sector contract audit report*, Government of Bangladesh, 2025.

[191] IEEFA, *Bangladesh's Power Sector,* 2025.

[192] *The Business Standard*, "Power Sector" 2025.

[193] Jagonews24, "Adani threatens to suspend power to Bangladesh from Nov 11," November 2025.

[194] The Daily Star, "Gas rationing shuts five urea factories," 2026.

[195] IFDC, *Fertilizer crisis response bulletin No. 8*, April 2026.

[196] *Pressenza*, "Bangladesh yet to recover billions lost in fertiliser import scandal," April 2026.

[197] *Reuters*, "Floods destroy 1.1 million tons of rice in Bangladesh," 2024.

people in acute food insecurity, the fourth worst globally.[198] The health system was then dismantled: vaccine stocks for ten diseases fell to zero,[199] [200] US bilateral health aid was cut by 97 per cent,[201] [202] and hundreds of children died in a measles outbreak United Nations Children's Fund (UNICEF) had warned against.[203] [204] [205] [206] [207]

Port and infrastructure governance collapsed. India revoked the transhipment facility in April 2025.[208] [209] The DP World terminal concession was cancelled in February 2026, triggering a 38 per cent drop in export deliveries. The October 2025 airport cargo fire destroyed approximately USD 1 billion in goods and diverted USD 1 to 2 billion in orders.[210] [211] Matarbari costs rose by BDT 65.73 billion with a three-year delay.[212] [213]

5.2 "Mismanagement" Defined

For the purposes of this report, economic mismanagement denotes the exercise of state economic authority in a manner that departs from the ordinary requirements of governance—that authority be exercised through rules of general application, subject to

[198] FAO/WFP, *Bangladesh IPC acute food insecurity analysis, Oct–Dec 2024*, 2024.

[199] UNICEF, *Bangladesh humanitarian situation report no. 1: measles outbreak*, 2026.

[200] *Daily Sun*, "45% health vacancies, incompetence at centre of the tragedy," 2026.

[201] *France 24*, "US aid cuts push Bangladesh's health sector to the edge," 6 May 2025.

[202] *Futurism*, "DOGE cuts vaccine funding: Bangladesh," 2026.

[203] Al Jazeera, "Suspected measles outbreak kills nearly 100 children in Bangladesh," 5 April 2026.

[204] Al Jazeera, "Suspected measles outbreak kills nearly 100 children in Bangladesh," 5 April 2026.

[205] *Associated Press, "Bangladesh conducts emergency measles vaccinations as outbreak kills more than 100 children," 7 April 2026.*

[206] *Washington Post*, "Bangladesh measles vaccination crisis," 6 April 2026.

[207] UNICEF, *Measles outbreak*, 2026.

[208] Tribune India, "In rebuke to Yunus' landlocked rhetoric, India ends trans-shipment facility for B'desh," April 2025.

[209] *Deccan Herald*, "Bangladesh retracts from port deal amid threats of international pressure," 2025.

[210] *Al Jazeera*, "Bangladesh garment exporters fear $1 billion losses after huge airport fire," 19 October 2025.

[211] Al Jazeera, "Bangladesh garment exporters fear $1bn losses after huge airport fire," 19 October 2025.

[212] The Financial Express, "Govt raises cost of deep-sea port by over Tk 65 billion," 7 October 2024.

[213] The Financial Express, "Govt raises cost of deep-sea port by over Tk 65 billion," 7 October 2024.

mechanisms of accountability capable of correcting error, and directed at the public interest. The definition follows the institutional economics of North and Weingast[214] in treating governance not as the quality of individual policy decisions but as the structure of constraint within which those decisions are taken, and in locating the causal channel from governance failure to economic loss in the erosion of credible commitment: where the authority of the state is not bound by rules its holders cannot suspend at will, private actors discount the security of property and contract and withhold the investment on which output depends. It follows Pritchett, Woolcock, and Andrews in treating the persistence of institutional form without institutional function as a distinct failure mode rather than a transitional stage.

So defined, mismanagement comprises five elements, each documented in the material that follows. The first is the removal of accountability constraints: the disabling or bypassing of the mechanisms capable of identifying and reversing costly decisions—parliamentary scrutiny, judicial review, independent regulation, and audit—so that error is neither detected nor corrected (as shown in Chapter 4).

The second is administrative paralysis: the destruction of executive capacity through restructuring, such that lawfully appropriated resources cannot be deployed. Its clearest instance is the vaccine procurement failure examined in Section 5.6.5, where BDT 458 crore released in December 2024, and a further BDT 1,451 crore allocated thereafter, went unspent because the authority to approve purchases had not been reconstituted; the system was funded and administratively paralysed at the same time. ADP execution at 11.5 per cent of allocation, against a historical range of 85 to 95 per cent, is the same failure at national scale.

The third is selectivity: the direction of state action, and of state protection, by political affiliation rather than by rule of general application. This is the element the evidence establishes most consistently—in the targeted dual shock of August 2024, where physical

[214] Douglass C. North and Barry R. Weingast, "Constitutions and commitment: The evolution of institutions governing public choice in Seventeenth-century England," *Journal of Economic History* 49, no. 4 (1989): 803–32; Lant Pritchett, Michael Woolcock and Matt Andrews, "Looking like a state: Techniques of persistent failure in state capability for implementation," *Journal of Development Studies* 49, no. 1 (2013): 1–18.

destruction and credit paralysis mapped onto the ownership structure of the formal economy rather than falling at random, and in the asymmetric regulatory forbearance examined in Chapter 6, where supervisory dispensation was extended to five politically connected institutions.

The fourth is the substitution of loyalty for competence in appointment and retention, which converts capture into incapacity and explains why the two are not competing accounts of the same events but sequential ones.

The fifth is instrument error: the application of policy tools to conditions they cannot address, of which the maintenance of a 10 per cent policy rate against supply-driven inflation is the clearest case, contractionary without being disinflationary. A further feature is better described as a consequence than an element: the failure of the state's protective function, in which the security of person, property, and contract ceases to be reliably enforced, and private actors reprice risk accordingly—the displacement of formal judicial process by mob adjudication, assessed in Chapter 4 at 0.5 to 1.0 per cent of GDP, is the clearest instance.

Two qualifications follow. First, the definition is indifferent as to motive: it encompasses both the deliberate subordination of public resources to private ends and the incompetent administration of them, because the economic consequence—output foregone, capital withheld, resources lost—is the same in either case, and the evidentiary record permits the consequence to be established with considerably greater confidence than the intent. Where selectivity is present, however, the distinction narrows on the evidence itself: a pattern of loss that tracks political affiliation is not readily explained by incapacity alone. Second, the definition is not co-extensive with poor outcomes. Deterioration attributable to inherited trend, to external shock, or to natural event falls outside it, and the attribution discipline set out in Chapter 2 governs throughout.

Mismanagement so understood stands in a determinate relation to the institutional capture described in Chapter 4. Capture is the antecedent condition: the reorientation of institutions away from the public interest and towards the private interests of those who control them. Mismanagement is its economic expression—what the captured state proceeds to do, or to fail to do, with the resources and authority at its disposal once the institutions capable of objecting have been removed.

5.3 Bangladesh's Economic Position in Mid-2024

Between 1991 and 2024, Bangladesh lifted over 30 million people out of poverty, reduced the poverty headcount from 44.2 per cent to 12.9 per cent,[215] grew GDP at an average of 6.0 per cent annually, and built the world's second-largest garment export industry. Rural electrification reached 99 per cent, 4,501 Union Digital Centres delivered more than 300 government services, and the Padma Bridge, the Karnaphuli Tunnel, and Dhaka Mass Rapid Transit (MRT) Line 6 transformed the infrastructure landscape.

The sectoral record against which this chapter measures deterioration is summarised in Table 5.2 and set out below.[216]

In agriculture, total food grain production rose from 385.99 lakh metric tonnes (MT) in FY2015 to a record 501.17 lakh MT in FY2024,[217] an increase of 29.8 per cent over nine years. Crops and horticulture GDP reached BDT 2,748,015 million in FY2024, an all-time high.[218] Agricultural credit disbursed in FY2024 reached BDT 37,153.90 crore, 106.15 per cent of the Bangladesh Bank target.[219] Rice yield improved from 4.0 to 4.7 MT per hectare over the decade.[220] Rice exports grew from 663 MT in FY2009-10 to 10,879 MT by FY2024, a 16-fold increase,[221] [222] and aquaculture output expanded 13-fold from 210,993 MT in 1990-91 to 2,731,070 MT in FY2022.[223] Bangladesh became, by Food and Agriculture Organization of the United Nations (FAO) classification, the world's third-largest rice producer, seventh-largest potato producer, sixth-largest tropical fruit producer, second-

[215] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[216] Chapters 6 and 7 will explain with specific case studies and references.

[217] BBS, *Accounts estimates FY2024-25*, 2025.

[218] ibid.

[219] ibid.

[220] USDA Foreign Agricultural Service (USDA FAS), *Bangladesh grain and feed annual*, 2025.

[221] BBS, *Accounts estimates FY2024-25,* 2025.

[222] USDA FAS, *Bangladesh grain*, 2025.

[223] BBS, *Accounts estimates FY2024-25,* 2025.

largest jute producer, and fifth-largest farmed fish producer.[224] [225] Sector growth averaged 3.2 per cent annually over 2015 to 2024, and per capita fish consumption reached 62.58 grams per day by FY2019. This rested on sustained public investment in agricultural research, particularly flood-tolerant and salinity-resistant rice varieties through the Bangladesh Rice Research Institute, irrigation expansion, progressive improvement in fertiliser subsidy efficiency, and on the extension network maintained through the Department of Agricultural Extension. Food self-sufficiency, with rice imports of a modest 4.2 lakh tonnes in FY2024, was a hard-won gain requiring decades of institutional investment.

In energy, generation capacity expanded from approximately 5,000 MW in 2009 to over 25,000 MW by 2024, one of the most rapid electrification programmes in South Asian history.[226] [227] The expansion was financed through public investment, large independent power producer contracts, and bilateral arrangements including the Adani Power agreement covering imports from the Godda plant in Jharkhand.

In infrastructure, the outgoing administration bequeathed a portfolio of mega-projects—Matarbari, Payra, Rooppur, Dhaka MRT Lines 1 and 5, and the Elenga–Hatikamrul–Rangpur Highway—representing committed investment of approximately USD 35 to 40 billion. Several were already complete: the Padma Bridge in June 2022, the Bangabandhu Tunnel in 2023, and MRT Line 6 in December 2022.

In health, Bangladesh achieved a transformation recognised internationally as a development model. Child immunisation coverage rose from 2 per cent in 1979 to 81.6 per cent full valid coverage by 2023; Expanded Programme on Immunisation (EPI) crude coverage reached 95.2 per cent; third dose of the diphtheria, tetanus and pertussis vaccine (DTP3) coverage was sustained at 98.2 per cent from 2018; measles coverage was maintained at 93 per cent; the country was certified polio-free in 2014; and the HPV vaccine was launched in October 2023.[228] The immunisation programme cost USD 221

[224] ibid.

[225] USDA FAS, *Bangladesh grain and feed annual*, 2025.

[226] PGCB, *Half yearly generation*

[227] EIA, "*Bangladesh total energy consumption by fuel type, 2009–2024*," EIA International Data, 2025.

[228] IFFIm, "50 years of progress: how Bangladesh chose health," 2025.

million in 2022, with Bangladesh self-financing 39 per cent of its USD 160 million annual vaccine bill by 2020.[229] A target to eliminate measles and rubella by 2026 had been set and appeared achievable. Community clinic referrals grew from 25,000 in 2009 to between 10,000 and 307,000 in 2014-15, a 12-fold increase.[230]

In trade and employment, RMG exports reached USD 46.99 billion in FY2024,[231] a record, and remittance inflows reached USD 27.5 billion in 2024.[232] Female labour force participation had risen from approximately 20 per cent in 1990 to over 36 per cent by 2024, a gain of 16 percentage points driven by the RMG sector, microcredit, girls' education incentives, and the community health worker cadre.[233] The ADP was executed at 80 to 95 per cent every year from FY2015 to FY2024.[234]

Table 5.2 The baseline: principal indicators at the point of transition

Domain	Indicator	Position at FY2024 or latest pre-transition
Growth	GDP growth trend	6.5 to 7% official; 6.0% conservative anchor applied in this report
Growth	GDP growth, FY2024	4.22% (already decelerating)
Fiscal	Tax-to-GDP	8.7%
Fiscal	ADP execution	81 to 95% every year, FY2015–FY2024
External	RMG exports	USD 46.99bn (record)
External	Remittances	USD 27.5bn
External	FDI	0.5 to 0.8% of GDP
Agriculture	Food grain production	501.17 lakh MT (record)
Agriculture	Sector growth trend	3.2% annual average, 2015–2024
Energy	Generation capacity	>25,000 MW; 99% rural electrification

[229] ibid.

[230] ibid.

[231] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[232] ibid.

[233] IFFIm, "50 years of progress," 2025.

[234] BBS, *Accounts estimates FY2024-25, 2025*.

Health	DTP3 immunisation coverage	98.2%
Labour	Female participation	>36%, rising
Poverty	Headcount	18.7% (2022)

Following the COVID-19 pandemic, global inflation, the Russia-Ukraine war, post-COVID supply chain pressure, and dollar strengthening had pushed Bangladesh's growth from 8.15 per cent in FY2019 to 4.22 per cent in FY2024.[235] Private investment had declined in each of the four fiscal years from FY2022. Reserves, inflation, youth unemployment, and banking asset quality were all deteriorating before August 2024. Bureaucratic obstruction and financial sector stress were long-standing and are documented in the CPD's annual reviews.

Under the attribution rule set out in Section 2.9, losses already in train before the transfer of power are not directly attributed to the administration that followed it. Where a trend was already negative, this chapter counts only the increment, the acceleration beyond the established path, and states the basis for the separation. For example, the energy sector's inherited operational deficit of approximately USD 4.6 billion is excluded entirely on this ground; flood losses are counted only at the post-5 August share amplified by documented response failure; and the agricultural and investment estimates measure against trend rather than against peak.

5.4 The Counterfactual and its Limits

Two further constraints apply to the baseline, and both reduce the estimates.

The first is data reliability. Bangladesh's pre-2024 growth statistics were often questioned by the IMF, the World Bank, and independent economists, with reporting in December 2024 suggesting overstatement of roughly 3.5 percentage points. Applying the symmetric scepticism required by Section 2.3, this report does not project official peak performance forward. The trend anchor is set within a band of 6.0 to 6.5 per cent, against an official trend of approximately 7 per cent, and the dependence on that anchor is stated wherever

[235] ibid.

it is material. A reader who rejects the anchor will arrive at different Type I figures, and the chapter identifies where.

The second is currency. Following Section 2.9, monetary figures are converted at BDT 115 per US dollar for flows accruing over the window and BDT 119 for stocks measured at the December 2025 valuation date. Where a period-specific rate materially affects an individual figure, that rate is used and noted. Figures denominated in BDT are given first, with dollar equivalents in parentheses.

The evidence conventions, source hierarchy, triangulation requirement, and three-type loss framework governing this chapter are already set out in Chapter 2 and are not restated. The chapter draws on official statistics from BBS,[236] [237] [238] Bangladesh Bank,[239] the NBR, BERC, Power Grid Company of Bangladesh (PGCB),[240] and BPDB; on international data from the World Bank,[241] the IMF,[242] FAO,[243] [244] UNICEF,[245] WHO,[246] the

[236] BBS, *Accounts estimates FY2024-25, 2025*.

[237] Bangladesh Bureau of Statistics (BBS), Labour Force Survey 2024, Dhaka: BBS, 2025.

[238] USDA FAS, *Bangladesh grain*, 2025.

[239] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

[240] PGCB, *Half yearly generation*.

[241] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[242] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

[243] FAO/WFP, *Food insecurity, Oct–Dec 2024*, 2024.

[244] The Business Standard, "Bangladesh third largest food importer in world: FAO," 23 December 2023.

[245] UNICEF, *Measles outbreak*, 2026.

[246] IFFIm, "50 years of progress," 2025.

ILO,[247] and the EUAA;[248] on the NRC audit;[249] on IEEFA analysis;[250] [251] and on approximately 90 investigative journalism sources.

5.5 Effects of Economic Mismanagement: Macroeconomic Deterioration and GDP Foregone Losses

In FY2022, Bangladesh's GDP growth stood at 7.10 per cent, 5.78 per cent in FY2023, and 4.22 per cent in FY2024.[252] A downward trend reflected the aftershocks of the COVID-19 pandemic, the effect of the Russia-Ukraine war on commodity prices and tightening global financial conditions. However, since the change of administration, the BBS provisional estimate for FY2025, released in early 2026, placed growth at 3.49 per cent.[253] This was the lowest recorded rate in over two decades, excluding the COVID-19 shock year of FY2020, when growth fell to 3.51 per cent. The report highlights FY2020 growth, noting that it occurred amid a global decline driven by the pandemic and supply chain disruptions. In contrast, the growth observed in FY2025 was part of a global economy that expanded by 3.2 per cent. During this time, peer competitors such as Vietnam, Cambodia, and India achieved strong growth rates of 6.8 per cent, 5.9 per cent, and 6.5 per cent, respectively.[254] [255] The report identifies this as a consequence of targeted dual shock explained in Case 5.1.

The report defines the gap between actual growth of 3.49 per cent in FY2025 and the pre-2024 trend of approximately 6.5 per cent as a GDP opportunity loss. At FY2025 nominal

[247] ILO, *Bangladesh: Job creation*, ILO News, 2025.

[248] EUAA, *Bangladesh country focus 2025: Security situation,* COI Report, *Public violence*, 2025.

[249] NRC, *Energy sector,* 2025.

[250] IEEFA, *Bangladesh's Power Sector*, 2025.

[251] IEEFA, *Bangladesh's LNG dependence raises concerns about energy resilience*, 2025.

[252] BBS, *National Accounts Estimates FY2024-25*, 2025.

[253] ibid.

[254] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[255] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

GDP of approximately USD 460 billion,[256] each percentage point of foregone growth corresponds to roughly USD 4.6 billion in lost output. The 3.0 percentage point shortfall therefore implies a Type I opportunity loss of **USD 11 to 14 billion** for FY2025 alone. Preliminary FY2026 indicators tracking at 3.8 to 4.2 per cent add a further **USD 6 to 8 billion for July 2025 to February 2026**. Total GDP opportunity loss over the 18 months is estimated at USD 17 to 22 billion.

HSBC's country projection, published in early 2026, anticipates recovery to only 5 per cent in FY2026, well below the 7 per cent trajectory projected before the transition.[257]

The method and its sensitivity to the growth assumptions are set out in Annex A. The estimate is deliberately conservative. It excludes the multiplier effects of foregone investment, which tend to depress growth well beyond the period of underperformance. It excludes the welfare loss associated with the movement of workers from formal employment into informal and subsistence activity, which GDP measurement does not capture. And it uses the BBS provisional estimate of 3.49 per cent, which some independent analysts regard as potentially overstated given the depth of the disruptions observed in individual sectors.

Case 5.1 The Targeted Dual Shock

Within 72 hours of the fall of the Awami League government on 5 August 2024, two distinct economic shocks were already underway.

The first was widespread anarchy and attacks on Awami League-affiliated businesses and religious minority communities. Factories with documented Awami League ownership were set ablaze across 45 districts. The Bangladesh Hindu Buddhist Christian Unity Council recorded 2,010 attacks on minority-owned commercial properties within days. In the RMG sector alone, 127 factories were burned or looted, triggering immediate order cancellations from foreign buyers.[258] [259]

[256] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[257] *Dhaka Tribune*, "Bangladesh economy in 2025: A year of survival, not recovery," 2025.

[258]BGMEA, Sector Impact Assessment: August 2024 Incidents, 2024; The Daily Star, *Apparel bodies recommend 370 factories for govt stimulus*, 6 August 2026.

[259] Bangladesh Hindu Buddhist Christian Unity Council, *Post-Transition Violence Report*, BHBCUC, 2024.

The second was financial. Transition uncertainty prompted over 250 bank executives to resign under duress or simply to stop reporting for work. Senior credit officers became unreachable. Loan approval committees could not convene a quorum. Commercial credit growth, which had stood at 9.8 per cent in Q3 2024, fell to 6.1 per cent by Q2 2025 and did not recover within the period under review.[260]

Together these produced what this report terms a targeted dual shock: the physical destruction of productive assets alongside the paralysis of financial intermediation. The pattern was not random; it mapped closely onto the ownership structure of the formal economy, disproportionately affecting enterprises with perceived prior regime affiliations.[261]

Figure C5.1.1 Factory incidents and commercial credit growth, Q3 2024 to Q4 2025.



Table C5.1.1 Transmission channels of the dual shock

Date	Physical channel	Financial channel
5 to 10 Aug 2024	127 RMG factories burned or looted	250+ bank executives absent or resigned
Aug to Sep 2024	2,010 minority property attacks	Credit committee quorum failure
Oct to Dec 2024	Order cancellations; partial recovery	Credit growth falls to 7.2%
Jan to Jun 2025	Slow factory reinstatement	Credit growth falls to 6.1%
Jul to Dec 2025	Partial normalisation	Credit growth stabilises at 6.0%

[260] Bangladesh Bank, *Scheduled Bank Statistics, Q1 to Q4 2025*, 2025.

[261] IMF, *Bangladesh Article IV Consultation*, 2025; World Bank, *Bangladesh economic update: navigating transition risks*, World Bank Group, 2025.

5.6 Transmission Channels

5.6.1 Investment

FDI is among the most sensitive indicators of confidence in a country's institutional stability and policy predictability. Bangladesh's FDI inflows, already structurally modest relative to GDP, collapsed to 0.28 per cent of GDP in 2024,[262] a level not seen since 2006 and far below the South Asian average of 1.6 per cent. World Development Indicators confirm that net FDI flows fell well below USD 1 billion during the period.[263] BIDA recorded a 43 per cent decline in new investment registrations between August 2024 and March 2026 against the equivalent prior period; the final month of that window falls just outside the February 2026 scope close, and the figure is retained as indicative. The FDI opportunity loss itself is quantified in Chapter 7 and is not counted here.

Domestic investment deteriorated in parallel. Private sector credit growth, which had averaged 12.8 per cent annually between 2019 and 2023, decelerated to 5.8 per cent in FY2025,[264] the lowest in 15 years, reflecting tightened monetary conditions and genuine demand weakness as business confidence collapsed. The government's own ADP was executed at only 11.5 per cent of its full-year allocation,[265] against a historical average of 85 to 95 per cent. The scale of that collapse is extraordinary. Public investment expenditure ran at approximately one-eighth of its normal rate, which means that schools, hospitals, roads, bridges, and irrigation projects that had been budgeted, funded, and scheduled simply did not happen. Megaprojects funded by the Japan International Cooperation Agency (JICA) with a combined value of BDT 1.94 trillion face mounting disputes and delays.[266]

The simultaneous collapse of public investment and the withdrawal of private investment produces a structural deterioration in future productive capacity. Physical

[262] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[263] ibid.

[264] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

[265] BBS, *Accounts Estimates FY2024-25*, 2025.

[266] Industry Insider BD, "*Tk 1.94tn JICA-funded megaprojects face mounting disputes*," 2026.

capital accumulation, the foundation of labour productivity growth, slowed sharply. Human capital investment, which had been expanding through the health and education components of the ADP, was effectively frozen. The supply-side legacy will constrain growth potential for several years beyond the end of the administration.

Table 5.3 Macroeconomic data summary

Indicator	FY2019	FY2022	FY2024 (final pre-transition)	FY2025 (interim)	Change
GDP growth (%)	8.15	7.10	4.22	3.49 prov.	Collapse: −0.73pp vs FY2024
GDP PPP (USD bn, 2021)	1,130	1,340	1,470	~1,520 (est.)	Slowing
Tax to GDP (%)	9.8	9.7	8.7	7.4	World bottom tier
ADP execution (%)	95	93	81	11.5	Historic low: −69.5pp
FDI (% of GDP)	0.7	0.6	0.5	0.28	Lowest since 2006
Private credit growth (%)	13.2	14.0	9.8	5.8	15-year low
Gross FX reserves (USD bn)	32.0	46.2	24.5	29.6 gross (Mar 26)	Trough USD 19.7bn (Mar 25)
Reserves as % external debt	~55	~60	~30	20.5	Structural vulnerability
Remittances (USD bn)	18.4	21.5	27.5	~28.0 (est.)	One positive buffer
Inflation, CPI (%)	5.5	6.2	9.7	9.8	Persistently elevated
Policy interest rate (%)	6.0	8.5	8.75	10.0	Tightening without disinflation
Poverty rate (%)	~22	~20	18.7	~21.4 (est.)	+2.7pp; 3 to 4 million poorer

Sources: BBS;[267] World Bank;[268] IMF and Bangladesh Bank;[269] tax data;[270] poverty data.[271]

5.6.2 Employment and Labour Market

The BBS Labour Force Survey 2024 recorded the first contraction in Bangladesh's labour force since 2010. The total labour force shrank from 7.34 crore to 7.17 crore in a single year, a net loss of 1.74 million workers.[272] This was not a demographic transition; it was a crisis-driven discouragement effect, with workers abandoning job search as positions disappeared faster than alternatives emerged. Female labour force participation fell disproportionately, from 2.53 crore to 2.37 crore, a withdrawal of 1.6 million women from the formal and semi-formal labour market in 12 months.[273] [274]

A parallel and more granular finding comes from the CPD, reported by *The Daily Star*, which estimated that 2.1 million jobs were lost in the first half of FY2025 alone, with women accounting for 85.7 per cent of those losses.[275] The CPD figure rests on employer and sectoral survey data rather than a household survey, and captures immediate cyclical displacement that an annual household survey may smooth across the year. Read together, the two findings suggest that displacement in the first half of the period was acute, with some partial reabsorption in the second half still leaving a net gap of 1.74 million in the labour force.

Reportedly, the October to December 2024 quarter recorded the highest quarterly unemployment rate in Bangladesh's modern recorded history,[276] coinciding precisely with the peak of factory closures and ADP non-execution in the first full quarter under

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[267] BBS, *Accounts estimates FY2024-25, 2025.*

[268] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[269] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

[270] *The Australia Today*, "Bangladesh at breaking point," 2025.

[271] World Bank, *Job Creation*, 25 November 2025.

[272] Bangladesh Bureau of Statistics (BBS), Labour Force Survey 2024, Dhaka: BBS, 2025.

[273] ibid.

[274] *The Daily Star*, "Women's participation," 2025.

[275] *The Financial Express, "Economic downturn hits working women hardest in Bangladesh," 26 May 2025.*

[276] The Daily Star, "Unemployment rises further in Oct-Dec 2024," 2025.

the new administration. By the end of 2025, the International Labour Organization (ILO) had formally identified job creation as the top priority for government, employers, and workers in Bangladesh,[277] and Asia News Network headlined its year-end assessment "2026 is year without job security in Bangladesh."[278] *Dhaka Tribune* characterised 2025 as a year of survival rather than recovery.[279] These assessments converge on a structural rather than cyclical reading of the labour market collapse.

The gender distribution of job losses deserves separate attention because it represents the reversal of one of Bangladesh's most celebrated development achievements. Between 1990 and 2024, female labour force participation rose from approximately 20 per cent to over 36 per cent, a gain of 16 percentage points across three decades, driven by the expansion of the RMG sector, microcredit programmes, girls' education incentives, and the multiplication of community health worker positions.[280] Rising female participation was both an economic achievement and a social transformation, increasing women's bargaining power within households, reducing fertility, and improving educational outcomes for the next generation.

The BBS Labour Force Survey 2024 found that women accounted for approximately 94 per cent of the net contraction in the labour force: 1.6 million of the 1.74 million total decline.[281] [282] The CPD figure is similar, with women accounting for 85.7 per cent of the 2.1 million jobs lost between July and December 2024.[283] The disproportionate impact reflects the concentration of female formal employment in the RMG sector, which bore the brunt of factory closures, and in the health and community health worker workforce, which was devastated by the abolition of the Health, Population and Nutrition Sector Programme (HPNSP) and by US aid cuts. It also reflects the vulnerability of women

[277] ILO, *Bangladesh: Job creation*, ILO News, 2025.

[278] *Asia News Network*, "2026 Is year without job security in Bangladesh," 2026.

[279] *Dhaka Tribune*, "survival, not recovery," 2025.

[280] IFFIm, "50 years of progress," 2025.

[281] Bangladesh Bureau of Statistics (BBS), Labour Force Survey 2024, Dhaka: BBS, 2025.

[282] *The Daily Star*, "Women's participation," 2025.

[283] *The Financial Express, "Economic downturn hits working women hardest in Bangladesh," 26 May 2025.*

informal workers—in domestic service, garment homeworking, and food vending—to the collapse in purchasing power caused by inflation.

The long-term developmental consequences extend well beyond the immediate income loss. Research consistently demonstrates that women's earnings in developing country contexts are disproportionately invested in children's education, nutrition, and health.[284] [285] A reversal of female labour force participation on the scale observed therefore carries a generational cost—in reduced educational outcomes, higher child malnutrition, and lower social mobility for the children of affected households—that will not be captured in any near-term economic statistic.

5.6.2.1 Formal sector: The Garment Industry

The RMG sector provides the most granular documented evidence of formal job losses because BGMEA, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), the Asia Floor Wage Alliance (AFWA), and the Business and Human Rights Resource Centre all tracked factory closures and worker displacement independently. BGMEA data compiled by *Textile Today* found that 353 garment factories closed across Savar, Gazipur, Chattogram, Narayanganj, and Narsingdi over a 14-month period, rendering 119,842 workers directly jobless.[286] An AFWA survey covering 258 factory closures documented over 100,000 workers losing jobs in the 12 months to mid-2025.[287] By the end of 2025, the Business and Human Rights Resource Centre reported that over 500,000 garment workers were living in "inhumane conditions" as a result of factory closures and protracted layoffs.[288]

BGMEA data for calendar year 2025 confirm 216 member-linked factory closures.[289] *The Business Standard* reported that in the 15-month window from January 2024 to March 2025, 128 new factories opened, creating 74,081 jobs, against 113 closures, leaving a net

[284] World Bank, *Job creation*, 25 November 2025.

[285] ILO, *Bangladesh: Job creation*, ILO News, 2025.

[286] BGMEA data reported by Apparel Resources, 2025.

[287] Apparel Resources, "100,000 Bangladeshi garment workers lose jobs as factory closures rise: survey," 2025.

[288] Business and Human Rights Resource Centre, *Garment workers*, 2025.

[289] BGMEA / *tob.news*, "216 RMG factories shut in 2025," 2025.

displacement of over 22,000 workers in that sub-period alone.[290] BKMEA characterised the sector as being in deep crisis, with closures and job losses mounting,[291] while *The Daily Star*'s sectoral interview series documented the compounding pressures of political uncertainty, energy shortages, weakening buyer confidence, and labour unrest.[292] Export growth decelerated from 7.23 per cent in 2024 to only 2.53 per cent in the first 11 months of 2025, with November 2025 recording a 5.58 per cent year-on-year decline, the fourth consecutive month of negative export growth.[293] [294]

The single largest conglomerate collapse was Beximco. Sixteen Beximco textile factories closed between December 2024 and February 2025, with all 40,000 workers terminated.[295] [296] The company owed BDT 550 to 600 crore, approximately USD 50 million, in outstanding wages, which it was able to pay only in phases following emergency intervention by the Ministries of Finance and Labour. Five thousand Beximco workers had criminal charges filed against them for protesting their job losses.[297] The collapse was precipitated by the politically motivated arrest of the company's owner, Salman F. Rahman, whose incarceration removed the management continuity necessary to sustain order flows and working capital access. It is a paradigm case of political prosecution generating economic collateral damage that fell entirely on workers with no connection to the political dispute.

The October 2025 cargo fire at Hazrat Shahjalal International Airport compounded the sector's crisis. Al Jazeera reported that garment exporters feared USD 1 billion in losses;[298] *The Business Standard* described the export chain as reeling from the cargo

[290] Apparel Resources, "Around 113 RMG factories closed, 128 opened in last 15 months," 2025.

[291] Apparel Resources / BKMEA, *Bangladesh RMG sector in deep crisis as factory closures mount*, 2025.

[292] *The Daily Star*, "factory closures," 2025.

[293] *Al Jazeera, "Bangladesh garment exporters fear $1bn losses after huge airport fire," 19 October 2025*.

[294] *The Daily Star*, "factory closures," 2025.

[295] *Jagonews24, "Beximco's 14 factories completely closed, workers laid off," 2025.*

[296] *Just Style*, "Beximco group," 2025.

[297] *Jagonews24, "Beximco's 14 factories completely closed, workers laid off," 2025.*

[298] *Al Jazeera*, "1 billion losses," 19 October 2025.

meltdown.[299] The fire affected more than 200 factories dependent on the cargo hub for daily export shipments, DHL and multiple freight forwarders suspended Bangladesh shipments for more than 48 hours, and disruption costs across the cargo chain exceeded BDT 800 crore. Beyond the direct destruction, the fire triggered order diversion of USD 1 to 2 billion to Vietnam, Cambodia, and Ethiopia—a Type I loss that is difficult to reverse once buyers have developed alternative supplier relationships and approved alternative factories. By the end of 2025, BKMEA estimated that over 2 million garment workers faced layoffs owing to declining exports.[300]

5.6.2.2 The Informal Sector

Bangladesh's informal sector accounts for approximately 85 per cent of all employment, roughly 60 million workers in construction, transport, street trade, domestic service, rural day labour, and microenterprise retail.[301] [302] Four simultaneous shocks struck this sector, none fully captured in formal employment statistics but each documentable through its cause.

First, the collapse in ADP execution from 81 per cent to 11.5 per cent[303] effectively halted government construction activity across the country. Construction is the primary formal entry point for male rural-to-urban migrants, and the LGED rural road, bridge, and market infrastructure programme is among the most labour-intensive government activities in Bangladesh. When LGED drew BDT 2,574 crore from project accounts without completing the underlying works,[304] and a further BDT 1,600 crore was embezzled,[305] what was lost was not only physical infrastructure but the wage income of hundreds of thousands of day labourers who would have been employed on those projects.

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[299] *Al Jazeera, "Bangladesh garment exporters fear $1bn losses after huge airport fire," 19 October 2025*.

[300] Global Centre for Democratic Governance, "From boom to bust: The collapse of the economy in Bangladesh under the interim government," 2025.

[301] ILO, *Bangladesh: Job creation*, ILO News, 2025.

[302] CPD, *Skills mismatch threatens employment growth in Bangladesh*, CPD Working Paper, 2025.

[303] BBS, *Accounts estimates FY2024-25*, 2025.

[304] *UNB, "Ghost Roads and Empty Hospitals: How corruption failing Bangladesh," 24 April 2025.*

[305] *GreenWatchBD*, "LGED Corruption," 2025.

Second, private sector credit growth falling to a 15-year low of 5.8 per cent[306] reduced enterprise expansion and new hiring across formal and semi-formal business. Firms operating on overdraft facilities and working capital lines faced tighter liquidity, earlier payment demands, and higher interest costs—the natural consequence of a 10 per cent policy rate[307] in an economy with inflation simultaneously at 9.8 per cent.[308]

Third, inflation at 9.8 per cent eroded real purchasing power, contracting consumer demand for the informal services—transport, food vending, retail, domestic work—that sustain the urban informal economy. A household paying 18 to 22 per cent more for rice[309] spends proportionally less on rickshaw fares, street food, and household help. The multiplier runs directly from agricultural price shocks to urban informal employment.

Fourth, governance disruption at district and upazila level, including the removal of 493 upazila chairmen[310] and the extended absence of 1,535 Union Parishad chairmen, paralysed the rural administrative networks through which agricultural credit disbursement, extension services, and rural market coordination had been maintained. The result was a contraction in rural economic activity that multiplied the direct agricultural production losses.

5.6.2.3 Rising Youth Unemployment

Youth unemployment reached critical levels. The World Bank found that unemployment among tertiary-educated women reached 28 per cent and among educated men 25 per cent,[311] the highest in South Asia. The ILO's modelled overall youth unemployment estimate for those aged 15 to 24 stands at 16.8 per cent, comprising 14.8 per cent for men

[306] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

[307] ibid.

[308] BBS, *Accounts estimates FY2024-25*, 2025.

[309] ibid.

[310] *Jagonews24, "493 upazila chairmen removed, UNOs in charge," August 2024*.

[311] World Bank, *Job creation*, 25 November 2025.

and 22.7 per cent for women.[312] *The Daily Star*, citing ILO projections, confirmed that the youth jobless rate would continue to be high without structural reform.[313]

Approximately 35 per cent of National University graduates remain unemployed at age 30,[314] a pre-existing structural problem dramatically worsened by the simultaneous collapse of public sector hiring through the ADP freeze[315] and of private sector expansion through credit at a 15-year low.[316]

The political economy dimension matters for understanding the period itself. The student movement that facilitated the transition in August 2024 was driven in part by frustration at joblessness and blocked economic mobility.[317] The administration's governance failures then worsened the very youth unemployment problem that had been central to the political crisis it rode to power.[318] [319] By the end of 2025, the generation of university graduates who had participated in the uprising faced a labour market that had contracted by 1.74 million positions from the year before.[320]

Estimating the economic cost of employment destruction requires three analytically distinct components. Each is conservative, and the total represents a floor rather than a ceiling.

The first is foregone wage income, a **Type II direct loss**. Adopting a conservative employment loss estimate of 2.0 million displaced workers, splitting the difference between the CPD figure of 2.1 million[321] and the BBS net figure of 1.74 million;[322] an

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[312] Macrotrends / ILO, *Bangladesh youth unemployment rate: Historical chart and data*, 2025.

[313] The Daily Star, "Bangladesh youth unemployment rate to stay high," 28 May 2025.

[314] CPD, "*Skills mismatch*," CPD Working Paper, 2025.

[315] BBS, *Accounts estimates FY2024-25*, 2025.

[316] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

[317] Global Centre for Democratic Governance, "boom to bust," 2025.

[318] *Dhaka Tribune*, "survival, not recovery," 2025.

[319] CPD, *Skills mismatch*, CPD Working Paper, 2025.

[320] Bangladesh Bureau of Statistics (BBS), Labour Force Survey 2024, Dhaka: BBS, 2025.

[321] *The Financial Express, "Economic downturn hits working women hardest in Bangladesh," 26 May 2025.*

[322] Bangladesh Bureau of Statistics (BBS), Labour Force Survey 2024, Dhaka: BBS, 2025.

average monthly wage of approximately USD 90 weighted across formal and informal sectors, with formal RMG at approximately USD 130 per month and informal at approximately USD 75, weighted at 85 per cent informal;[323] [324] and a conservative average displacement duration of 10 months rather than the full 18, since some workers found re-employment, the calculation yields 2.0 million × USD 90 × 10 months, or USD 1.8 billion in direct wage income loss.

The second is the **GDP multiplier effect**, a **Type I indirect loss**. The standard ILO wage income multiplier for lower-middle-income economies of 1.7×[325] implies an additional USD 1.26 billion in indirect contraction as reduced consumer spending cascades through retail, services, and food vending. A household that has lost its primary earner does not simply lose its wage income; it reduces spending across a range of goods and services, each reduction representing a revenue loss for another business that then reduces its own labour demand.

The third is human capital scarring, a **Type I long-term loss**. Extended unemployment causes permanent damage: skills atrophy, professional networks dissolve, and workers who accept lower-productivity informal work experience permanent wage scarring. ILO methodology values this at 20 to 30 per cent of the direct wage loss over a two-year horizon,[326] approximately USD 0.4 to 0.6 billion. This is not a near-term fiscal cost but a present-value loss of future productivity that will manifest as reduced earnings and reduced tax contributions across the careers of the displaced.

Total employment-related economic loss is therefore USD 4.0 to 5.5 billion. A top-down cross-validation supports the range. The World Bank's standard elasticity for Bangladesh estimates that each 1 percentage point decline in GDP growth corresponds to approximately 1 million jobs foregone.[327] The 3.0 percentage point shortfall from trend implies 3 million job-years of foregone employment over the period, valued at USD 90

[323] ILO, *Bangladesh: Job creation*, ILO News, 2025.

[324] CPD, *Skills mismatch*, CPD Working Paper, 2025.

[325] ILO, *Bangladesh: Job creation*, ILO News, 2025.

[326] ILO, *Bangladesh: Job creation*, ILO News, 2025.

[327] World Bank, *Job creation*, 25 November 2025.

per month for 12 months, or USD 3.24 billion. The convergence of the two routes confirms that the USD 4.0 to 5.5 billion range is conservative rather than aggressive.

Table 5.4 Employment loss summary

Job loss category	Workers affected	Economic loss (USD m)	Type	Source
RMG: 353 factory closures (BGMEA)	119,842 direct	Within wage income total below	II	[328]
RMG: workers in distress or inhumane conditions	500,000+	Within wage income total below	II	[329]
Beximco collapse, 16 factories closed	40,000	~50 (unpaid wages)	II	[330] [331]
Airport cargo fire, supply chain disruption	200+ factories affected	Counted in Section 5.7.2	II	[332] [333]
Airport cargo fire, orders diverted	Indirect, sector-wide	Counted in Section 5.7.2	I	[334] [335]
Arson and mob violence: minority business destruction	240,000+ displaced	Counted in Chapter 7, excluded here	II	[336] [337]
Informal sector (ADP halt, credit crunch, inflation)	~1.0 to 1.2 million est.	Within wage income total below	II	[338] [339] [340] [341]

[328] BGMEA data reported by Apparel Resources, 2025.

[329] Business and Human Rights Resource Centre, *Garment workers,* 2025.

[330] *Jagonews24, "Beximco's 14 factories completely closed, workers laid off," 2025.*

[331] *Just Style*, "Beximco group," 2025.

[332] *Al Jazeera*, "$1 billion losses," 19 October 2025.

[333] *Al Jazeera, "Bangladesh garment exporters fear $1bn losses after huge airport fire," 19 October 2025*.

[334] *Al Jazeera*, "garment exporters," 19 October 2025.

[335] *Al Jazeera, "Bangladesh garment exporters fear $1bn losses after huge airport fire," 19 October 2025*.

[336] Human Rights Watch, *Vandalism, attacks follow Bangladesh Prime Minister's exit*, 8 August 2024.

[337] Prothom Alo, "Bangladesh sees 2,500 incidents of communal violence in 330 days," 2025.

[338] BBS, *Accounts estimates FY2024-25*, 2025.

[339] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

[340] Bangladesh Bureau of Statistics (BBS), Labour Force Survey 2024, Dhaka: BBS, 2025.

[341] ILO, *Bangladesh: Job creation*, ILO News, 2025.

BBS total labour force contraction (net)	1.74 million	See wage income row	II	[342]
CPD job losses, Jul–Dec 2024 (half year)	2.1 million	See wage income row	II	[343]
Direct wage income foregone (2.0m × USD 90 × 10 months)	2.0m workers, 10-month average	1,800	II	[344] [345] [346]
GDP multiplier effect (ILO 1.7×)	Economy-wide	1,260	I	[347]
Human capital scarring (2-year horizon)	Displaced workforce	400 to 600, forward liability (Section 5.7.3)	I	[348] [349]
Youth unemployment premium	~4m youth workers affected	500 to 800	I	[350] [351]
Total employment-related losses		**3,600 to 4,000** (counted items only)		

5.6.3 Agriculture, Food Security, and the Rural Economy

The BBS final estimate for agricultural sector growth in FY25 was 2.42 per cent,[352] [353] above the provisional estimate of 1.79 per cent, but still the weakest agricultural growth recorded since 2009 excluding the COVID year, and less than three quarters of the preceding decade's average of 3.2 per cent. The disaggregated crop data reveal a more alarming picture. Aush paddy production, the first of the three annual rice crop cycles,

[342] Bangladesh Bureau of Statistics (BBS), Labour Force Survey 2024, Dhaka: BBS, 2025.

[343] *The Financial Express, "Economic downturn hits working women hardest in Bangladesh," 26 May 2025.*

[344] Bangladesh Bureau of Statistics (BBS), Labour Force Survey 2024, Dhaka: BBS, 2025.

[345] *The Financial Express, "Economic downturn hits working women hardest in Bangladesh," 26 May 2025.*

[346] ILO, *Bangladesh: Job creation*, ILO News, 2025.

[347] ibid.

[348] ibid.

[349] CPD, *Skills mismatch*, CPD Working Paper, 2025.

[350] World Bank, *Job creation*, 25 November 2025.

[351] Macrotrends / ILO, *Bangladesh youth unemployment*, 2025.

[352] BBS, *Accounts estimates FY2024-25*, 2025.

[353] The Daily Star, "Agriculture growth hits decade-low," 31 May 2025.

fell 6.2 per cent in FY25 against FY24, the steepest single-season decline in a decade.[354] [355] Aman paddy production, which accounts for approximately 37 per cent of total annual rice output, contracted 0.9 per cent. Total rice production in FY25 fell to approximately 4.06 crore tonnes, the lowest in a decade.[356] [357] [358]

A particularly damaging contributory factor was the gas supply crisis, which simultaneously shut down five to six urea fertiliser plants during the critical Aman transplanting window in July and August 2025.[359] With domestic urea production curtailed, open-market prices rose to two to three times the official subsidised rate, and the International Fertiliser Development Center's Fertiliser Crisis Response Bulletin No. 8 documented the resulting import scandal, in which politically connected importers captured emergency import allocations at premium prices, with losses estimated in the billions.[360] [361] The government's procurement response was inadequate: *bdnews24* confirmed that the Boro rice procurement price for FY25 was fixed below production cost,[362] withdrawing the price support floor that had historically prevented catastrophic collapse in farm gate prices.

Reuters documented that floods in 2024 destroyed approximately 1.1 million tonnes of rice,[363] a direct material loss that compounded the production shortfall and drove import volumes to their highest level since FY18. Bangladesh became, by FAO classification, the world's third-largest food importer in 2025.[364] Rice imports reached 14.36 lakh tonnes,[365] the highest since FY18, at a cost of approximately USD 580 to 620 million in additional FX

[354] BBS, *Accounts estimates FY2024-25*, 2025.

[355] *The Daily Star*, "Agriculture growth," 2026.

[356] BBS, *Accounts estimates FY2024-25*, 2025.

[357] *The Daily Star*, "Agriculture growth," 2026.

[358] USDA FAS *Bangladesh grain and feed annual*, 2025.

[359] *The Daily Star, "Gas rationing shuts five urea factories," 2026*.

[360] International Fertilizer Development Center, Fertilizer Crisis Response Bulletin *No. 8*, April 2026.

[361] *Pressenza*, "fertiliser import scandal," April 2026.

[362] The Daily Star, "Govt sticks to old Boro price despite high production cost.".

[363] *Reuters*, "Floods destroy 1.1 million tons of rice in Bangladesh," 2024.

[364] The Business Standard, "Bangladesh third largest food importer in world: FAO," 23 December 2023.

[365] BBS, *Accounts estimates FY2024-25*, 2025.

expenditure not anticipated in the original budget. Aman rice procurement was simultaneously reduced from 350,000 tonnes in FY24 to only 50,000 tonnes in FY25, a cut of 85.7 per cent that deprived rural farmers of the price support mechanism that had historically provided a floor for farm gate prices. Because the monsoon flooding was a natural event, only the portion of the loss occurring after 5 August 2024 and amplified by documented response failures—approximately half of the total—is counted in the loss table.

An investigative strand of particular importance, documented in multiple *Daily Star* reports and corroborated by Bangladesh Sangbad Sangstha News (BSS) and *The Financial Express BD*, concerns the systematic looting of government food aid. VGF rice, intended for the poorest households, was seized in multiple districts including Lalmonirhat, Rajshahi, and Jashore by actors linked to political networks.[366] A political party leader was suspended in Jashore following documented looting of government rice from the OMS programme.[367] These incidents represent not merely corruption but the weaponisation of food distribution for political ends, denying nutrition to vulnerable households as the food insecurity crisis deepened.

The Integrated Food Security Phase Classification (IPC) Acute Food Insecurity analysis for October to December 2024, conducted by FAO and World Food Programme (WFP), found that 23.6 million people, approximately 13.9 per cent of the population, were experiencing acute food insecurity at Phase 3 (Crisis) or above.[368] Approximately 1.56 crore were at Phase 3 and approximately 40 lakh at the emergency Phase 4 level.[369] This ranked Bangladesh fourth worst in the world in that quarter, behind only the conflict-affected countries of Sudan, South Sudan, and Gaza. The 2025 Global Report on Food Crises confirmed the ranking.[370] [371] *Eurasia Review* contextualised the situation as a governance failure attributable to the collapse of institutional coordination under the

[366] *The Daily Star*, "Govt rice looted in Jashore: Police file case," 2025.

[367] ibid.

[368] FAO/WFP, *Food insecurity*, 2024.

[369] ibid.

[370] ibid.

[371] *Eurasia Review*, "Governance failure and food crisis in Bangladesh," 1 November 2025.

interim administration.[372] UNICEF nutrition surveys conducted in November 2024 across seven northern districts found acute malnutrition rates of 12.3 per cent among children under five, more than double the 2022 baseline.

The aggregate estimate has four components. The Type II output loss from the Aush production decline of 6.2 per cent, the Aman decline of 0.9 per cent, and flood destruction of 1.1 million tonnes, measured against the FY24 baseline, amounts to approximately 2.5 to 3.0 million tonnes of rice equivalent, valued at international prices of approximately USD 420 per tonne, implying a direct production loss of USD 756 million to USD 1.218 billion. The Type I opportunity loss, comparing actual growth of 2.42 per cent against the preceding decade's trend of 3.2 per cent over the eighteen-month period, adds USD 1.1 to 1.5 billion. Type III cost-differential losses from fertiliser corruption, the rice import premium, and food aid leakage add USD 600 to 900 million.

5.6.4 Trade, Exports, and the Business Environment

The RMG sector entered the period from a position of considerable strength, with exports of USD 46.99 billion in FY24,[373] a record high that placed Bangladesh firmly as the world's second-largest garment exporter after China. Performance then deteriorated materially. Export growth decelerated from 7.23 per cent year on year in 2024 to only 2.53 per cent in the first 11 months of 2025.[374] [375] November 2025 figures showed a 5.58 per cent year-on-year decline, the fourth consecutive month of negative growth.[376] *Textile Today* reported 353 factory closures over 14 months and 119,842 workers directly jobless;[377] BGMEA confirmed 216 closures in 2025 alone.[378]

The labour unrest that contributed to factory closures was itself partly a product of governance failure. Worker wage disputes escalated when the labour ministry failed to

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[372] ibid.

[373] World Bank, *World Development Indicators: Bangladesh*, World Bank Open Data, 2025, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[374] *Al Jazeera, "Bangladesh garment exporters fear $1bn losses after huge airport fire," 19 October 2025*.

[375] *The Daily Star*, "factory closures," 2025.

[376] *Al Jazeera, "Bangladesh garment exporters fear $1bn losses after huge airport fire," 19 October 2025*.

[377] BGMEA data reported by Apparel Resources, 2025.

[378] BGMEA / tob.news, "216 RMG factories shut in 2025," 2025.

convene scheduled wage board sessions for eight consecutive months. Minimum wage compliance monitoring, strengthened after the 2013 Rana Plaza disaster, lapsed as the relevant inspectorate was depopulated during administrative restructuring. Five thousand workers had criminal charges filed against them for protesting factory closures,[379] a development that attracted international condemnation from labour rights organisations and deterred new buyer commitments.

Case 5.2 · The Next Vietnam Counterfactual

The garment sector entered the period on a credible trajectory towards export targets that had drawn serious attention from multinational sourcing boards. Between 2022 and 2023, rising labour costs in Vietnam and China, combined with growing environmental, social and governance disclosure requirements in Western retail markets, positioned Bangladesh as the primary destination for redirected apparel orders. BGMEA projected RMG exports reaching USD 22 billion by FY2026, a figure grounded in active order commitments from H&M, Marks and Spencer, and over 30 European sourcing networks.[380] [381]

That trajectory closed in August 2024. Factory fires, executive absenteeism across the banking system, and currency instability together prompted international buyers to redirect orders, and Vietnam absorbed the bulk of them. The projected FY2025 figure of 7.0 per cent growth was not met.[382] [383]

The foregone revenue is conservatively estimated at USD 4 to 6 billion over the 18-month review period. This is the clearest single-sector example of politically induced economic destruction documented in this report. The opportunity cost extends beyond the immediate period, because sourcing relationships, once redirected, do not reverse easily.[384] [385]

Figure C5.2.1 Bangladesh RMG export growth against Vietnam GDP growth, FY2020 to FY2025.

[379] *Jagonews24, "Beximco's 14 factories completely closed, workers laid off," 2025.*

[380] BGMEA, Annual Report 2023–24, 2024.

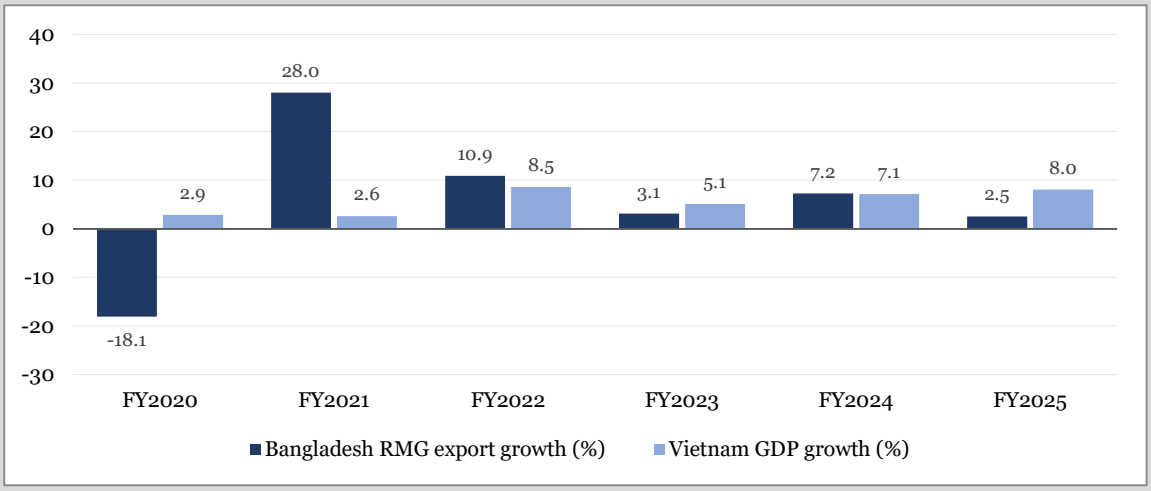
[381] The Business of Fashion and McKinsey & Company, "The State of Fashion 2024," November 2023.

[382] World Bank, *Bangladesh Economic Update: Navigating Transition Risks*, World Bank Group, 2025.

[383] Asian Development Bank, *Asian Development Outlook 2025*, ADB, 2025.

[384] International Finance Corporation, "Bangladesh Country Private Sector Diagnostic," 2025.

[385] UN Conference on Trade and Development, *Trade and Development Report 2025*, UNCTAD, 2025.



Source: Bangladesh RMG export growth as in the original figure. Vietnam GDP growth: World Bank, World Development Indicators (2020 to 2024); National Statistics Office of Viet Nam, 2025 estimate released 5 January 2026. Vietnam figures are calendar years, shown against the Bangladesh fiscal year of the same number.

Table C5.2.1 Bangladesh RMG performance against the Vietnam benchmark, FY2024-FY2025

Indicator	Bangladesh FY2024	Bangladesh FY2025 (actual)	Bangladesh FY2025 (projected)	Vietnam FY2025
Export value (USD bn)	47.39	48.60	50.20	n/a
RMG growth rate (%)	+7.23	+2.53	+7.00	n/a
GDP growth rate (%)	4.22	3.49	6.50	+8.02
Order fulfilment rate	94%	87%	96%	98%
Sourcing share change	Stable	Declining	Growing	Growing

5.6.5 Wider Health Governance Collapse: The Measles Outbreak

In August 2025, the administration abolished the HPNSP without a functional successor structure in place. The consequences were catastrophic and internationally documented. Vaccine stocks for ten diseases were already critically depleted within the scope period and fell to zero at the central warehouse by April 2026, shortly after the scope close.[386] [387] The BDT 458 crore released on 28 December 2024 for vaccine

[386] UNICEF, *Measles outbreak*, 2026.

[387] *Daily Sun*, "Health vacancies," 2026.

procurement remained unspent throughout 2025 because the administrative authority to approve purchases had not been reconstituted after the programme's abolition.[388] [389] A further BDT 1,451 crore was allocated in the FY2025-26 budget, and again, no vaccines were purchased in 2025. The system was funded and administratively paralysed simultaneously.[390]

Between October 2025 and April 2026, Bangladesh experienced its worst measles outbreak in 20 years. The caseload was escalating rapidly by the February 2026 scope close. By mid-April 2026, after the close, DGHS surveillance had confirmed 9,883 suspected cases, with 6,006 patients hospitalised as of 6 April, and hundreds of children had died since 15 March 2026. Because the recorded deaths fall after the scope closes, the loss table counts only in-scope response costs and morbidity, and the death toll is reported as post-scope context. The fatality rate of approximately 1.19 per cent, against a global measles average of 0.1 to 1.0 per cent, indicates that health system capacity to manage severe complications such as pneumonia and encephalitis had also deteriorated. Hospitals were handling more than 90 patients per day in units designed for eight beds, with 30 to 40 patients managed in wards intended for a fraction of that number.

The crisis was documented by *The Guardian*,[391] the BBC,[392] AP News,[393] and the *Washington Post*,[394] as well as by UNICEF's official Humanitarian Situation Report.[395] The epidemiological profile reflects the collapse in immunisation coverage: 72 per cent of confirmed cases were unvaccinated and 16 per cent only partially vaccinated. Eighty-one per cent of cases were children under five, precisely the cohort that should have

[388] UNICEF, *Measles outbreak*, 2026.

[389] The Daily Star, "How poor governance broke Bangladesh's immunisation model," Opinion.

[390] ibid.

[391] *Al Jazeera, "Suspected measles outbreak kills nearly 100 children in Bangladesh," 5 April 2026*.

[392] Al Jazeera, "Suspected measles outbreak kills nearly 100 children in Bangladesh," 5 April 2026.

[393] *Associated Press, "Bangladesh conducts emergency measles vaccinations as outbreak kills more than 100 children," 7 April 2026.*

[394] *Washington Post*, "Bangladesh measles vaccination crisis," 6 April 2026.

[395] UNICEF, *Measles outbreak*, 2026.

received the measles-rubella second dose through the EPI programme disrupted by the abolition of the HPNSP. DTP3 coverage, which had stood at 98.2 per cent in 2023, fell to an estimated 91.4 per cent by 2025,[396] [397] a 6.8 percentage point decline representing approximately 900,000 unimmunised children. UNICEF had issued advance warnings about the impending outbreak months before it materialised, warnings the administration failed to act upon.[398] This was not a natural disaster. It was a preventable public health catastrophe generated by administrative paralysis.

The structural reason for such a massive outbreak is the lack of governance, mismanagement, and the lack of preparedness to control the disaster. This goes back to the report's findings on institutional capture, where competence to handle the disaster has been replaced with loyalty. This ties in with the discussion about institutional capture, where competence has been replaced by personal loyalty to Dr Yunus.

The mismanagement meant that 45 per cent of field-level vaccination positions remained vacant across 37 of Bangladesh's 64 districts, with 30 to 35 per cent vacancies in EPI-specific posts.[399] [400] Health assistants went on strike three times in 2025 after going unpaid for nine months. *The Daily Star* documented a year of disruption in the health sector,[401] and an accompanying analysis examined how poor governance broke the immunisation system.[402]

In addition to measles outbreaks, the United Nations Population Fund (UNFPA) warned that the contraceptive shortage had reached alarming levels, with *The Business Standard* reporting that procurement had stalled,[403] creating a risk of rising unintended

[396] IFFIm, "50 years of progress," 2025.

[397] UNICEF, *Measles outbreak*, 2026.

[398] ibid.

[399] *Daily Sun*, "Health vacancies," 2026.

[400] *The Daily Star*, "A year of disruptions in the health sector," 2025.

[401] ibid.

[402] *The Daily Star*, "poor governance," opinion, 2025.

[403] The Business Standard, "Stalled procurement deepens birth control crisis, raising unintended pregnancy risks," 22 April 2026.

pregnancies. UNFPA confirmed the launch of a landmark family planning strategy,[404] but implementation was paralysed by the same procurement dysfunction that froze vaccine purchasing. Dengue cases surged in mid-2025, with Reuters reporting an outbreak across the country,[405] adding to the burden at a moment when the health system was already at breaking point. The Rohingya refugee population of one million people in Cox's Bazar faced an immediate health funding crisis following the collapse of US bilateral support, documented by *The Guardian* in December

France 24 reported that US aid cuts were pushing the health sector to the edge, detailing the consequences of reducing bilateral health assistance from approximately USD 80 million in 2024 to approximately USD 2 million in 2025, a 97.5 per cent reduction.[406] *Futurism* reported on the vaccine funding cuts specifically affecting Bangladesh.[407] Furthermore, icddr,b, one of the world's leading diarrhoeal disease research institutions, was forced to lay off over 1,000 workers. Between 30,000 and 40,000 people across NGOs and health organisations lost their positions. UNICEF estimated that 2.3 million children were at risk of losing measles, polio, and tetanus protection following the cuts. The interaction between domestic governance failure and external funding collapse created a compound vulnerability not seen in decades, and the measles outbreak made it internationally visible.

5.6.6 Financial Sector Impairment and Monetary Disorder

The full quantification of banking and financial sector losses appears in Chapter 6. The figures in this section are contextual and are not added to this chapter's total.

5.6.7 Non-Performing Loans

Bangladesh Bank's December 2025 Financial Stability Report disclosed a system-wide NPL ratio of 35.73 per cent, BDT 6,44,515 crore, approximately USD 53.7 billion at BDT

[404] UNFPA Bangladesh, "Bangladesh launches landmark family planning strategy 2025-2030," 2025.

[405] Reuters, "Dengue cases surge across Bangladesh as experts call for urgent action," 7 October 2025.

[406] *France 24*, "US Aid," 6 May 2025.

[407] *Futurism*, "DOGE," 2025.

120 per dollar.[408] This is extraordinary by any international standard: India's NPL ratio stands at approximately 3.4 per cent, Vietnam's at 4.2 per cent, and the global average at approximately 3.3 per cent.[409] The roots of the crisis predate the interim administration—the preceding government had permitted politically connected borrowers to access state bank credit on non-commercial terms—but the period both revealed the true scale of the problem and worsened it through governance disruption in the banking sector.

Several state-owned banks suspended normal lending operations for three to six months during leadership transitions, as boards were replaced and new management teams familiarised themselves with inherited portfolios.[410] The Bangladesh Association of Banks reported system-wide private sector credit growth of 5.8 per cent in FY2025, the lowest in 15 years, reflecting partly bank caution in the face of leadership uncertainty and partly genuine demand weakness in an economy growing at 3.5 per cent.[411] The NBR revenue shortfall further constrained the government's capacity to recapitalise state banks, leaving the NPL problem unresolved and the banking system increasingly fragile.

5.6.8 Government Debt

Total government debt reached BDT 22,50,904 crore, approximately USD 187.6 billion, by December 2025,[412] representing approximately 49 per cent of GDP at market exchange rates. Interest payments consumed approximately 24 per cent of total government revenue in FY2025,[413] a debt service ratio that leaves minimal fiscal space for social and development expenditure and that the IMF flagged as a high-risk indicator in its March 2026 Article IV consultation.[414] Bangladesh had drawn approximately USD 2.3 billion of a USD 4.7 billion IMF Extended Credit Facility, with continued disbursement conditional on fiscal consolidation measures the administration had been unable to implement.

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[408] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

[409] ibid.

[410] ibid.

[411] ibid.

[412] ibid.

[413] ibid.

[414] ibid.

5.6.9 Monetary Policy

Bangladesh Bank raised the policy rate to 10 per cent, the highest in the country's modern monetary policy history,[415] to control inflation driven primarily by supply-side factors—energy and food prices—rather than by excess demand. The consequence was contractionary without being disinflationary: higher borrowing costs depressed private investment, with private credit growth falling to 5.8 per cent,[416] without materially reducing inflation, which averaged 9.8 per cent.[417] [418] The real policy rate was barely positive, meaning that monetary policy was simultaneously too tight for growth and too loose for inflation—a classic policy trap arising from the attempt to address a supply shock with a demand management instrument.

The exchange rate transition, from the de facto fixed rate maintained previously to the more market-determined framework attempted at IMF prompting, was managed without the hedging instruments, forward markets, and swap facilities that would have allowed the private sector to manage the resulting volatility. The BDT depreciated from BDT 107 to BDT 120 to 122 in a manner that was disorderly rather than gradual, imposing losses on firms with unhedged dollar-denominated payables and adding to the import cost inflation that pushed food and energy prices beyond the reach of low-income households.

The comparison that follows requires justification because Bangladesh did not default, and an analogy to a country that did invites the objection that the case is overstated. The parallel is drawn for a narrower and more defensible purpose. Sovereign distress of the Sri Lankan kind is not the product of a single decision that can be identified and reversed; it accumulates through the progressive impairment of the fiscal base, the erosion of central bank independence, and the deferral of recognised losses in the banking system, each of which is individually survivable and collectively terminal. That accumulation is precisely what a governance failure looks like when measured in fiscal rather than

[415] ibid.

[416] ibid.

[417] BBS, *Accounts estimates FY2024-25*, 2025.

[418] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

institutional terms, and it is measurable while the trajectory is still incomplete. The comparison therefore serves as a diagnostic rather than a prediction: it establishes that the indicators recorded in this chapter are not an assortment of poor outcomes but a recognised pattern with a documented endpoint, and it does so using the one case in the region where the full sequence has already run. Its analytical value lies in the direction of the deviations. On each of the three indicators for which comparable data exist, the Bangladeshi position at the close of the review period was worse than Sri Lanka's at the equivalent stage—in the case of NPLs, by a factor of nearly three. The scope condition is correspondingly strict: the comparison is to mechanism and sequence, not to outcome, and nothing in it asserts that default was imminent or inevitable.

Case 5.3 The Sri Lanka Parallel

Bangladesh under the interim administration did not experience a Sri Lanka-style sovereign default. The comparison nonetheless carries analytical weight because the two trajectories share structural precursors even where the terminal outcomes differ. Sri Lanka's 2022 default accumulated from 2015 through a combination of regressive tax policy, accelerating NPLs, and a collapse in foreign currency reserves.[419] [420]

Bangladesh between August 2024 and February 2026 reproduced three of those warning indicators with notable fidelity. Its tax-to-GDP ratio stood at 7.4 per cent at the start of the period, below Sri Lanka's 8.0 per cent at the equivalent crisis stage. Its NPL ratio reached 35.73 per cent under revised Bangladesh Bank definitions, more than triple Sri Lanka's 12.0 per cent at its worst point. Development expenditure fell to 11.5 per cent of ADP allocation, against Sri Lanka's 45.0 per cent at a comparable stage.[421] [422]

The Sri Lanka case shows that sovereign distress does not require a single triggering event; it accumulates through institutional degradation, political interference in central bank operations, and the progressive impairment of the fiscal base. The interim administration period reproduced

[419] S. Jayasuriya and S. Zuhyle, "Sri Lanka's economic crisis," *Journal of Southeast Asian Economies*, vol. 40, no. 2, pp. 89–112, 2023.

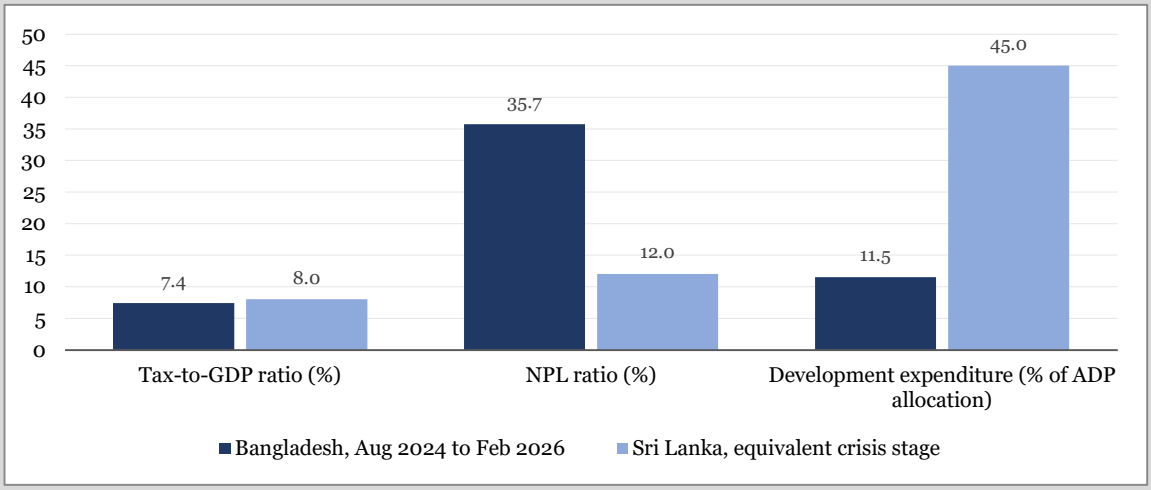
[420] IMF, "Sri Lanka: First Review under the Extended Arrangement under the Extended Fund Facility," IMF Country Report No. 23/408, 12 December 2023.

[421] Bangladesh Bank, *Financial stability report 2024–25*, 2025.

[422] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

all three conditions without completing the terminal phase. Whether the trajectory was arrested or merely postponed is the central analytical question.[423] [424]

Figure C5.3.1 Bangladesh against Sri Lanka on three fiscal and financial risk indicators.



Source: Case 5.3 text. Bangladesh: tax-to-GDP ratio at the start of the period; NPL ratio under revised Bangladesh Bank definitions; development expenditure as a share of ADP allocation. Sri Lanka: values at the equivalent crisis stage. For NPLs a higher value indicates greater stress; for the other two indicators a lower value does.

Table C5.3.1 Sri Lanka crisis stage mapping against the Bangladesh trajectory

Crisis stage	Sri Lanka timeline	Indicator	Bangladesh status
Fiscal deterioration	2015 to 2019	Tax/GDP below 10%	Completed (7.4%)
NPL accumulation	2016 to 2021	NPL above 15%	Completed (35.73%)
Reserve depletion	2020 to 2022	Forex below 3 months	Partial (3.5 months)
IMF engagement	2022	Precautionary talks	Early stage
Exchange rate collapse	2022	Sri Lankan rupee fell 80%	BDT fell 11-12% against USD
Sovereign default	2022	Debt service failure	Not reached
Political transition	2022	Presidential exit	Completed Aug 2024

[423] World Bank, *Bangladesh economic update: Navigating transition risks*, World Bank Group, 2025.

[424] Asian Development Bank, *Asian development outlook 2025*, ADB, 2025.

5.7 Consolidated Loss Estimation

5.7.1 Aggregate Loss Accounting

Table 5.5 consolidates the sector estimates counted in this chapter. The headline estimate of USD 28 to 38 billion aggregates only in-period losses whose analytical home is this chapter, following three conventions applied consistently across the report: the total is built bottom-up from documented sector losses with no economy-wide GDP aggregate; items quantified in Chapters 4, 6, 7, and 8 are cross-referenced but not double-counted; and forward liabilities extending beyond February 2026 are reported separately in Section 5.7.3.

The GDP opportunity loss of USD 17 to 22 billion, shown as a memo item, provides the top-down cross-check described in Section 2.7. The counted sector losses of this chapter, taken together with the investment and credit channel losses quantified in Chapters 6 and 7, are of the same order of magnitude as the aggregate GDP shortfall, which supports the internal consistency of the bottom-up estimates.

Several significant loss categories are deliberately excluded from the headline estimate because they are real but not quantifiable with available data: the developmental cost of school disruption during the political unrest of August to October 2024, estimated at two to three months of effective schooling lost; the income loss of approximately 240,000 minority community members displaced by communal violence; the long-term economic cost of brain drain among university graduates who left during the crisis; and the compounding multi-year effect of institutional capacity destruction on future GDP growth. Their inclusion would raise the estimate materially.

Table 5.5 Overall loss estimation, economic mismanagement (USD billion)

Sector / category	Loss type	Low	High	Key metrics	Sources
Energy: realised fiscal and operational loss (in period)	Type II/III	10.3	12.9	In-period subsidy flow; LNG spot premium; Adani differential; idle capacity; dispatch inefficiency; NRC interim share	[425] [426] [427] [428] [429]
Employment and labour market destruction	Type I/II	3.6	4.0	Wage income foregone; GDP multiplier; youth premium; 1.74m labour force contraction	[430] [431] [432] [433] [434]
Agriculture, all components	Type I/II/III	2.8	3.6	Rice decade low; post-5 August flood share; foregone sector growth; import premia	[435] [436] [437] [438] [439]
Business, trade, and exports	Type I/II	5.0	7.8	RMG export decline; USD 1bn cargo fire and order diversion; non-RMG reversal	[440] [441] [442]

[425] PGCB, *Half yearly generation*.

[426] NRC, *Energy sector contract*, 2025.

[427] IEEFA, *Bangladesh's power sector*, 2025.

[428] *The Business Standard*, "Power sector".

[429] *Just Energy News 24,* "How Bangladesh's emergency power laws enabled billions of dollars of rent extraction," 2025.

[430] Bangladesh Bureau of Statistics (BBS), Labour Force Survey 2024, Dhaka: BBS, 2025.

[431] *The Financial Express, "Economic downturn hits working women hardest in Bangladesh," 26 May 2025.*

[432] BGMEA data reported by Apparel Resources, 2025.

[433] Business and Human Rights Resource Centre, *Garment workers*, 2025.

[434] ILO, *Bangladesh: Job creation*, ILO News, 2025.

[435] BBS, *Accounts estimates FY2024-25*, 2025.

[436] FAO/WFP, *Bangladesh IPC*, 2024.

[437] *The Daily Star*, "Agriculture growth," 2026.

[438] *Reuters*, "Floods," 2024.

[439] IFDC, *Fertilizer*, April 2026.

[440] *Al Jazeera*, "$1 billion losses," 19 October 2025.

[441] *The Daily Star*, "factory closures," 2025.

[442] *Al Jazeera, "Bangladesh garment exporters fear $1bn losses after huge airport fire," 19 October 2025*.

Infrastructure: cost escalations and strategic setbacks	Type II/III	5.0	8.0	Matarbari +BDT 65.73bn; Rooppur +BDT 255.92bn; MRT 1 and 5; Payra sunk cost	[443] [444] [445] [446]
Health system costs (to February 2026)	Type II	0.6	1.0	Outbreak response and in-scope morbidity; US aid cut; contraceptives; dengue	[447] [448] [449] [450] [451]
Governance and local administration losses	Type II/III	0.4	0.6	LGED BDT 4,174 crore diversion; documented local administration losses	[452] [453] [454]
Total (in period, bottom-up)		**27.7**	**37.9**	No GDP aggregate; duplicated items counted once in their home chapters; forward liabilities excluded	
Memo: GDP opportunity loss, aggregate context (not counted)	Type I	17	22	3.0pp below trend; top-down cross-check only	[455] [456]
Memo: items counted in Chapters 4, 6, 7, and 8		~9	~13	Financial sector (Ch 6); FDI, logistics, gas industrial, property	[457]

[443] *The Financial Express BD*, "deep sea port," 2026.

[444] The Daily Star, "Rooppur power project seeks Tk 25,593cr cost hike," 2026.

[445] *The Daily Star*, "Costs of 2 new metro lines set to soar," 2025.

[446] *The Financial Express BD*, "deep sea port," 2026.

[447] *Al Jazeera, "Suspected measles outbreak kills nearly 100 children in Bangladesh," 5 April 2026*.

[448] UNICEF, *Measles outbreak*, 2026.

[449] *Daily Sun*, "Health vacancies," 2026.

[450] *France 24*, "US aid," 6 May 2025.

[451] *Futurism*, "DOGE," 2025.

[452] *UNB, "Ghost Roads and Empty Hospitals: How corruption failing Bangladesh," 24 April 2025.*

[453] *The Business Standard*, "197 killed," 2025.

[454] EUAA, *Bangladesh country focus 2025: Security situation, public violence*, COI Report, 2025.

[455] BBS, *Accounts estimates FY2024-25*, 2025.

[456] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[457] IMF, "Bangladesh: 2025 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for Bangladesh," IMF Country Report, 2026.

				(Ch 7); diversion and corruption (Ch 4); Rohingya health (Ch 8)	
Memo: forward liabilities (Section 5.7.3)	Type I/III	12.7	24.2	Energy contract lifetimes; human capital scarring; DTP3 burden; post-scope Matarbari premium; see also Section 4.8	[458] [459] [460] [461]

5.7.2 The Per Citizen Cost

Bangladesh's population is approximately 170 million. The headline estimate of USD 28 to 38 billion represents a per capita loss of USD 163 to 223, equivalent to approximately 7 to 9 per cent of per capita GDP at market prices. Were the aggregate GDP shortfall and the losses counted in Chapters 4 and 6 to 8 added, the report-level per-citizen burden would be several times higher; the chapter figure is deliberately the narrow one.

Because 85 to 94 per cent of job losses fell on women,[462] [463] the gender distribution of this per capita loss is sharply skewed. Women who lost formal employment, and the households dependent on their earnings, bore a burden equivalent to several times the national average in direct income terms, before accounting for the secondary losses in children's nutrition, education, and health.

5.7.3 Forward-Looking Liabilities and Items Counted Elsewhere

Four categories of loss identified in this chapter extend beyond the February 2026 scope close and are reported as forward liabilities rather than counted in the main estimate. The lifetime liabilities embedded in above-benchmark energy contracts amount to USD 10 to 20 billion over their terms.[464] [465] [466] [467] The long-term human capital scarring of

[458] NRC, *Energy sector*, 2025.

[459] IEEFA, *Bangladesh's power sector*, 2025.

[460] The Daily Star, "Payment dispute: Adani cuts power supply to Bangladesh by over 60pc," 2024.

[461] Jagonews24, "Adani threatens to suspend power to Bangladesh from Nov 11," November 2025.

[462] Bangladesh Bureau of Statistics (BBS), Labour Force Survey 2024, Dhaka: BBS, 2025.

[463] *The Financial Express, "Economic downturn hits working women hardest in Bangladesh," 26 May 2025.*

[464] NRC, *Energy sector contract*, 2025.

[465] IEEFA, *Bangladesh's power sector*, 2025.

[466] *The Daily Star, "Payment dispute: Adani cuts power supply to Bangladesh by over 60pc," 2024*.

[467] Jagonews24, "Adani threatens to suspend power to Bangladesh from Nov 11," November 2025.

displaced workers is estimated at USD 0.4 to 0.6 billion, and the future disease burden of the DTP3 immunisation coverage collapse at USD 0.3 to 0.6 billion. The logistics premium of the Matarbari delay accruing after the scope close adds a further USD 2 to 3 billion. Together, these forward liabilities amount to approximately USD 12.7 to 24.2 billion. The 15-year LNG commitment, the US trade agreement tariff concessions, the non-competitive port concessions, and related capture-specific forward exposures are quantified once, in Section 4.8, and are not relisted here.

Losses discussed in this chapter but counted elsewhere are as follows: financial sector impairment, quantified in Chapter 6; FDI, port and logistics disruption, the gas crisis industrial production loss, and minority business property destruction, quantified in Chapter 7; fertiliser and food aid diversion, student movement extortion, and violence-related business disruption, quantified in Chapter 4; and Rohingya-related health funding losses, quantified in Chapter 8. At those chapters' own valuations these items amount to approximately USD 9 to 13 billion. They remain part of this chapter's narrative because they are integral to the macroeconomic account, but they enter the report-level total only once.

CHAPTER 6

An Assessment of the Economic Costs in the Banking and Financial Sector

6.1 Introduction

This chapter quantifies the financial losses attributable to the banking, financial, and capital market sectors of Bangladesh during the interim administration from August 2024 to February 2026. Earlier standalone versions of this analysis used four loss tiers—expected loss, estimated loss, potential loss, and additive loss. This edition applies the report-wide three-type framework defined in Section 2.5, mapping each item to its type according to the nature of the loss. The underlying measurement bases are unchanged and are explained below.

6.1.1 Classification under the Three-Type Framework

Type II items form the core of the chapter. The central item is the probable irrecoverable portion of NPLs, derived by applying a 70 per cent LGD ratio to the incremental NPL stock; the LGD assumption reflects historical recovery rates of 25 to 35 cents on the dollar in Bangladesh's legal environment. The regulatory provisioning shortfall—the gap between required and maintained provisions—is the most directly observable capital gap measure, but because it is an alternative measurement of the same underlying impairment, it is reported as a memo item and not added to the counted total.

Type III items capture governance-induced excess costs: the funding premium borne on deposits displaced by asymmetric regulatory treatment, the Strong Bank Scheme interest rate asymmetry, and the correspondent banking and sovereign spread costs of institutional damage. The concealed impairment created by selective forbearance—classifiable loans kept outside the official statistics—is a Type II item, valued at the same 70 per cent LGD as the headline credit loss.

Type I items and the memo convention: Foregone private credit, the GDP output gap, and government crowding out are channel indicators of the same underlying suppression. Consistent with the bottom-up convention of Section 2.7, they are reported as memo items and are not counted, with the economy-wide GDP aggregate appearing

only as context in Chapter 5. External debt accumulation is a liability rather than a loss and is likewise a memo item. The realised Nagad suppression losses and governance costs are counted; the associated fintech investment and FDI deterrence overlap the investment losses quantified in Chapter 7 and are a memo item here.

Stress scenarios: Forward-looking losses under stress assumptions, principally the IMF and World Bank recapitalisation estimates, are reported outside the typology and are never added to the counted estimate.

6.1.2 Measurement Basis

The baseline for all incremental calculations is June 2024,[468] the final quarterly reporting period before the political transition. Losses are measured as the deterioration from that baseline, not as the cumulative historical stock of impairment accumulated under prior administrations. Exchange rates follow Section 2.9: BDT 115 per dollar for flow-based losses accruing over the August 2024 to February 2026 period, approximating the average market rate, and BDT 119 per dollar for stock-based losses measured at the December 2025 valuation date. The BDT depreciated approximately 8.2 per cent against the dollar during the period, from approximately BDT 110 to 112 at the transition to BDT 119 by late 2025. That depreciation is itself a source of financial loss for external debt holders and dollar-priced asset owners, but it is classified separately to avoid double counting.

Sources include official Bangladesh Bank data, BBS national accounts, IMF programme documents, World Bank country assessments, and 592 published news articles from *The Daily Star*, *The Business Standard*, *The Financial Express*, *Prothom Alo*, *Kaler Kantho*, *Dhaka Tribune*, *BusinessWorld India*, and other periodicals.

6.1.3 Aggregate Loss Summary

The counted central estimate, which excludes all memo items, the stress scenario, and the letter of credit (LC) settlement gap—the last excluded to avoid double counting with banking sector credit losses—totals USD 39.9 billion, within a range of USD 31.9 to 42.1 billion. The range reflects the attribution treatment of the NPL increment, a disclosure-

[468] Bangladesh Bank, *QFSAR, June 2024*, 2024.

adjusted floor of USD 17.5 billion against the September 2025 peak basis of USD 25.5 billion, and LGD sensitivity of 65 to 75 per cent.

Table 6.1 Aggregate loss summary, banking, and finance

Loss item / metric	Type	BDT (bn)	USD (bn)	Source / basis
Banking sector (6.1)				
Irrecoverable NPL loss, peak Sep 2025 increment × 70% LGD	Type II	3,028	25.50	Disclosure-adjusted floor 17.5[469]
Forbearance concealed impairment, 5 banks (70% LGD on BDT 417bn)	Type II	~292	~2.45	[470]
Deposit market distortion, funding premium (150bp on BDT 490bn)	Type III	~11	~0.10	[471]
Strong Bank Scheme asymmetry	Type III	~18	~0.15	
Banking sector counted subtotal		**~3,349**	**~28.2**	
Memo: provision shortfall, 17 banks (capital gap measure)	Type II memo	2,105	14.90	Alternative measure, not additive[472]
Financial sector (6.2)				
Nagad suppression, realised (fee income and inclusion cost)	Type I/II	~207	~1.80	[473] [474]
Governance and reputational cost (correspondent banking; sovereign spread)	Type III	~75	~0.65	[475] [476]
Financial sector counted subtotal		**~282**	**~2.45**	

[469] *Jagonews24, "Default loans reach Tk 6.44 lakh crore," 2025*.

[470] *BusinessWorld India,* "Bangladesh Bank Governor faces conflict of interest allegations in Nagad to Bangladesh Bank row,", 10 June 2025.

[471] ibid.

[472] *The Business Standard,* "17 banks in Tk 1.77 lakh crore provision shortfall amid soaring NPLs," June 2025.

[473] *BusinessWorld India,* "Governor", 10 June 2025.

[474] *The Financial Express*, 2025 "Nagad privatisation depends on new govt, says BB governor,".

[475] *The Daily Star*, "Shock ouster of BB governor," February 2026.

[476] The Daily Star, "Govt appoints new BB governor after ousting Ahsan Mansur amid turmoil," February 2026.

Memo: foregone private sector credit	Type I memo	843	7.07	Channel indicator[477]
Memo: GDP output gap	Type I memo	1,001	8.70	Context; Chapter 5 memo[478]
Memo: government crowding out of bank lending	Type I memo	1,438	12.50	Displacement indicator[479]
Memo: new external debt accumulated	Liability memo	~1,265	~11.0	Not a loss[480]
Memo: Nagad fintech and FDI deterrence	Type I memo	~237	~2.06	Overlaps Chapter 7 investment items
Memo: LC settlement gap; FX translation	Excluded		17.9 / 7.8	Excluded to avoid double counting
Capital market (6.3)				
Market capitalisation loss, pre-transition high to Dec 2025	Type II	1,102	9.26	[481] [482]
Grand total, chapter counted total			**~39.9 (31.9 to 42.1)**	All sections
Stress scenario (IMF/World Bank recapitalisation)	Stress		85+	Never counted[483] [484]

Notes: BDT converted at 115 per dollar for flows and 119 per dollar for stocks. Counted items only enter the total; memo items are indicators, alternative measures, liabilities, or items counted in other chapters. Type definitions follow Section 2.5; the stress scenario sits outside the typology.

[477] *The Daily Star*, "Private sector credit growth hits record low," 2 February 2026.

[478] *The Business Standard*, "GDP growth for FY25 slips to 3.49% as investment and demand weaken," 2026.

[479] *The Daily Star*, "Govt's bank borrowing crosses annual target in nine months," 2026.

[480] *The Business Standard,* "Country's external debt rises by $7.35b in three months," September 2025.

[481] *The Business Standard*, "Tk 1.18 lakh crore wiped out of market as DSEX sheds 16.49% in 2024," January 2025.

[482] *Kalbela*, "Market capitalisation declined," 23 June 2025.

[483] *The Daily Star*, "Banking fix may cost $5b to $6b," 27 July 2025.

[484] Prothom Alo, "World Bank recommends 10 steps to mitigate bank sector risks," April 2025.

6.2 Economic Costs incurred in the Banking Sector

The banking sector, whose assets represent over 90 per cent of financial sector assets, is the primary locus of loss during the period. This section documents the escalation of NPLs, the consequent capital adequacy crisis, the distribution of losses across bank categories, the forced consolidation programme, the interbank liquidity crisis, and the additive losses arising from regulatory governance failures at Bangladesh Bank under Governor Ahsan H. Mansur.

6.2.1 The NPL Escalation

The NPL crisis that crystallised during the period is the most severe deterioration in Bangladesh's post-independence banking history and, at its September 2025 peak, the worst documented NPL ratio of any banking system in the world. Understanding it requires distinguishing two analytically separate components: the disclosure of previously concealed bad loans accumulated under prior administrations, and the generation of new bad loans during the period itself. Both are present, and both are financially material.

At the June 2024 baseline,[485] gross NPL stood at BDT 2,114 billion, already elevated, representing 12.56 per cent of total advances. That baseline was itself the product of decades of regulatory forbearance, politically directed lending, and systematic misclassification of impaired assets. The new administration's initial commitment to stricter recognition began unwinding this forbearance: between August and December 2024, gross NPL expanded by BDT 1,344 billion to BDT 3,458 billion. Bangladesh Bank confirmed that a significant portion of the increase reflected the forced recognition of loans concealed under prior classification practices, with approximately BDT 4.33 lakh crore of previously hidden bad loans surfacing across the system.[486] [487]

The escalation did not stop at reclassification. Between December 2024 and September 2025, the PCB-NPL ratio rose from 15.6 per cent to 33.75 per cent, an increase of 18.15

[485] Bangladesh Bank, *QFSAR, June 2024*, 2024.

[486] *The Daily Star*, "True extent of bad loans emerges," 27 February 2025.

[487] The Daily Star, "Default loans reveal true state of banking sector: Debapriya," 2025.

percentage points in nine months.[488] That trajectory cannot be attributed to accounting reclassification alone. It reflects genuine new credit deterioration driven by the contractionary monetary environment, with the policy rate elevated to 10 per cent, by collapsing private investment demand, and by the chilling effect of governance uncertainty on both borrowers and lenders. *The Financial Express* warned as early as February 2025 that NPLs were on course to cross 30 per cent by June,[489] a forecast that proved accurate, with the June 2025 total reaching BDT 6,083 billion.[490]

The peak came in September 2025: gross NPL of BDT 6,440 billion, or 35.73 per cent of total disbursed loans.[491] From a comparative perspective, this is extraordinary. Pakistan's contemporaneous ratio stood at 7.4 per cent, India's at 2.3 per cent, and Sri Lanka's, despite its severe 2022 financial crisis, at approximately 12 per cent.[492] *The Daily Star* described Bangladesh as Asia's weakest link in banking.[493] The Policy Research Institute (PRI) assessed that NPL levels were creating conditions for a credit crunch and stagflation.[494]

The reported December 2025 reduction to BDT 5,572 billion, or 30.60 per cent, reflects a policy-driven rescheduling exercise rather than genuine credit recovery.[495] The evidence for that assessment is robust: at the same moment the ratio was reported to have declined, 300 companies were applying to Bangladesh Bank for a further BDT 2 lakh crore in loan rescheduling,[496] confirming that the underlying deterioration remained unresolved. Recovery from the top 20 individual defaulters, the accounts most amenable to negotiated resolution, remained entirely stalled.[497] Governor Mansur acknowledged

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[488] The Daily Star, "Default loans may exceed 30% by June," February 2025.

[489] *The Daily Star, "Default loans may exceed 30% by June," February 2025*.

[490] *The Daily Star*, "Bad loans hit record Tk 420,355cr," 16 June 2025.

[491] *Jagonews24, "Default loans reach Tk 6.44 lakh crore," 2025*.

[492] *The Daily Star*, "Bangladesh tops Asia's bad loan charts," 5 September 2025.

[493] ibid.

[494] *The Daily Star*, "High NPLs creating risks of credit crunch, stagflation: PRI," 28 November 2025.

[495] The Daily Star, "Bad loans fall by Tk 87,298cr in three months," February 2026.

[496] *The Daily Star*, "300 companies ask BB for Tk 2 lakh crore loan rescheduling," 8 December 2025.

[497] *The Daily Star*, "Loan recovery from top 20 defaulters stalls," 3 October 2025.

publicly in November 2025 that the cleanup would require five to ten years.[498] This chapter therefore uses the peak September 2025 figure for the central loss estimate, with the December 2025 post-rescheduling figure shown separately for reference.

The 70 per cent lossLGD assumption applied throughout rests on historical recovery outcomes in Bangladesh's legal and institutional environment. Studies of past distress episodes and NPL resolution outcomes consistently indicate net recovery rates through the judicial process and asset disposal of 25 to 35 cents on the dollar, implying an LGD of 65 to 75 per cent, with 70 per cent as the central estimate. Applying this to the peak incremental NPL of BDT 4,326 billion—the increase from the June 2024 baseline of BDT 2,114 billion to the September 2025 peak of BDT 6,440 billion—yields an irrecoverable loss of BDT 3,028 billion, or USD 25.5 billion at BDT 119 per dollar.

A disclosure-adjusted floor treats the August to December 2024 rise as predominantly the recognition of previously concealed impairment and counts genuine new deterioration from December 2024, yielding approximately USD 17.5 billion; the December 2025 post-rescheduling increment gives a reference value of USD 20.3 billion. The counted range therefore runs from USD 17.5 billion to USD 27.3 billion, the latter at 75 per cent LGD on the peak increment, with USD 25.5 billion as the central estimate.

Table 6.2 NPL trajectory and central loss estimate

Loss item / metric	Class	BDT (bn)	USD (bn)	Basis
NPL at Jun 2024 baseline	Baseline	2,114	17.76	Start @119
NPL at Dec 2024 (first 6 months)	Data / Type II	3,458	29.06	@119
NPL at Mar 2025	Data / Type II	4,203	35.32	@119
NPL at Jun 2025	Data / Type II	6,083	51.12	@119
NPL at Sep 2025, peak (35.73% of loans)	Data / Type II	6,440	54.12	Peak @119

[498] *The Financial Express*, "Banking sector may need 5 to 10 yrs for NPL cleanup, says Mansur," 30 November 2025.

NPL at Dec 2025, post-rescheduling (30.60%)	Data / Type II	5,572	46.82	Policy adjusted
Incremental NPL, Jun 2024 to Sep 2025 peak	Data / Type II	4,326	36.36	@119
Irrecoverable (70% LGD on peak increment), central	Data / Type II	3,028	25.45	[499]
Irrecoverable (70% LGD on Dec 2025 increment)	Data / Type II	2,421	20.34	Reference
Additional risk: rescheduled BDT 511bn re-enters NPL	Stress	358	3.01	High risk[500]

Notes: The September 2025 peak is used for the central estimate; the December 2025 post-rescheduling figure is shown for reference. Sources: Quarterly Financial Stability Assessment Report (QFSAR), Bangladesh Bank;[501] The Daily Star;[502] [503] The Financial Express;[504] The Business Standard.[505]

Case 6.1 The NPL Shock as a Manufactured Crisis

The sharpest statistical break in 18 years of Bangladesh banking data falls in July 2024. Between Q1 2008 and Q2 2024 the system averaged an NPL ratio of 9.74 per cent, and PCBs averaged 5.40 per cent. After July 2024, the system average reached 27.00 per cent and PCBs averaged 23.63 per cent, nearly four times higher.

The pace of deterioration was without precedent in the dataset. Quarter-on-quarter NPL growth reached 34.81 per cent in Q3 2024, 21.33 per cent in Q4 2024, and a record 44.73 per cent in Q2 2025. The gross NPL stock more than doubled, from BDT 2,849 billion to a peak of BDT 6,445 billion.

Provision coverage tells the same story from a different angle. It held between 80 and 99 per cent throughout the preceding decade. In September 2025 it reached 27.24 per cent. The provision shortfall peaked at BDT 3,438 billion, more than 13 times its pre-2024 level, stripping the system of the capacity to absorb losses at the worst possible moment.

Foreign commercial banks are the exception that makes the pattern unmistakable. Their NPL ratio stayed virtually unchanged at between 4 and 5 per cent throughout. A shock that tears through

[499] *Jagonews24, "Default loans reach Tk 6.44 lakh crore," 2025*.

[500] *The Daily Star*, "300 companies," 8 December 2025.

[501] Bangladesh Bank, *QFSAR, June 2024*, 2024.

[502] *Jagonews24, "Default loans reach Tk 6.44 lakh crore," 2025*.

[503] *The Daily Star*, "Bad loans," 16 June 2025.

[504] *The Daily Star, "Default loans may exceed 30% by June," February 2025*.

[505] The Daily Star, "Bad loans fall by Tk 87,298cr in three months," February 2026.

state-owned banks, development finance institutions (DFSs), and PCBs while leaving foreign commercial banks untouched is not a macroeconomic event. Foreign commercial banks had no exposure to politically targeted borrowers; the banks that did were systematically destroyed.

Table C6.1.1 Average NPL ratio by bank category, period averages

Bank category	Before July 2024 (avg %)	After July 2024 (avg %)	Change (pp)
All banks	9.74	27.00	+17.26
SOCBs	23.42	45.34	+21.92
DFIs	21.80	27.63	+5.83
PCBs	5.40	23.63	+18.23
FCBs	5.04	4.67	−0.37

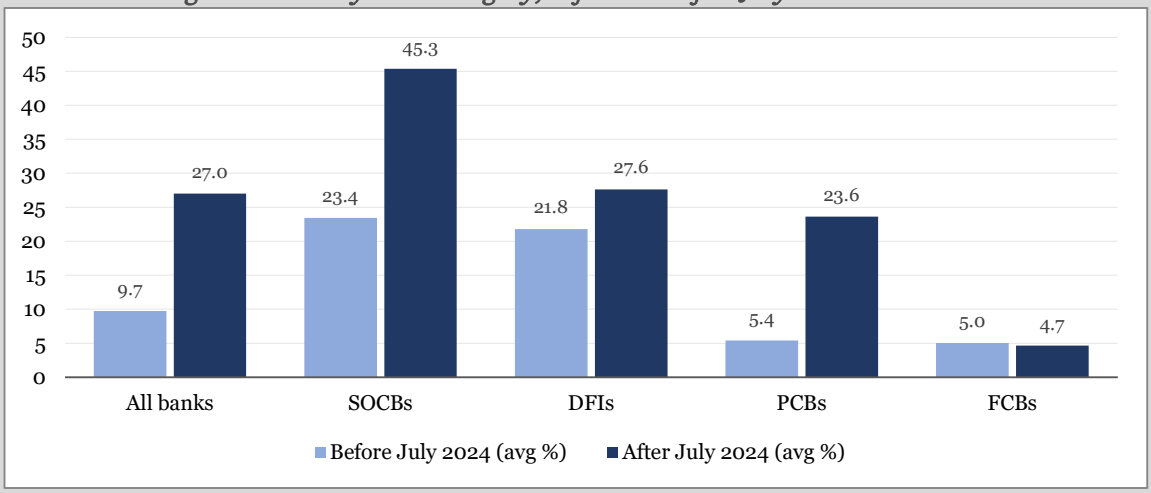
Source: Bangladesh Bank (Department of Off-site Supervision, Banking Regulation and Policy Department, QFSAR). "Before" is the Q1 2008 to Q2 2024 period average; "after" is the Q3 2024 to Q4 2025 period average.

Table C6.1.2 Provision and NPL stock indicators

Metric	Pre-2024	Peak (2025)
Provision coverage	80 to 99%	27.24% (Sep 2025)
Provision shortfall	BDT 2 to 253bn	BDT 3,438bn
Gross NPL stock	BDT 2,849bn	BDT 6,445bn

Source: Bangladesh Bank quarterly financial stability reports.

Figure C6.1.1 Average NPL ratio by bank category, before and after July 2024.



Source: Table C6.1.1; Bangladesh Bank (DOS/BRPD/QFSAR). Before = Q1 2008 to Q2 2024 average; after = Q3 2024 to Q4 2025 average.

6.2.2 Capital Adequacy and the Recapitalisation Problem

The NPL escalation translated directly into a capital adequacy crisis. Under Bangladesh Bank's risk-based capital framework, aligned with Basel III, banks must maintain a

minimum capital-to-risk-weighted-assets ratio of 12.5 per cent. NPL growth erodes capital through two channels: rising provisioning requirements reduce retained earnings and deplete Tier 1 capital directly, while classified assets attract higher risk weights, expanding the denominator of the ratio even without any change in the numerator. The combined effect is a compounding deterioration that accelerates as NPL ratios rise.

By December 2025, 17 banks carried a combined provisioning shortfall of BDT 1.77 lakh crore, USD 14.9 billion,[506] representing the gap between the regulatory provision requirement and provisions actually maintained. This is the directly observable minimum: it is derived from regulatory supervisory data and represents the least capital injection required before any consideration of actual recovery outcomes. More broadly, 20 banks recorded a combined capital shortfall of BDT 2.78 lakh crore,[507] so the gap between the regulatory minimum ratio and capital held. The aggregate sector ratio fell to negative 2.64 per cent, placing the system in technical insolvency on a mark-to-market regulatory basis.

Bangladesh Bank's response included a significant accounting concession: 28 banks were permitted to defer recognition of their capital shortfalls,[508] artificially reducing the published deficit by approximately BDT 62,000 crore. The deferral has no parallel in the regulatory practice of peer jurisdictions, and it masked the depth of the problem from depositors, investors, and international observers. Eighteen banks were simultaneously barred from paying dividends,[509] and a further BDT 35,000 crore was identified as immediately necessary to prevent the most fragile institutions from operational failure.[510]

The cost of restoring genuine solvency is contested, with estimates ranging across an order of magnitude depending on the recapitalisation standard applied. Finance Adviser

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[506] *The Business Standard,* "17 banks," June 2025.

[507] *The Business Standard, "*Capital shortfall in 20 banks stood at Tk 2.78 lakh crore in December quarter," 2026.

[508] The Business Standard, "Capital shortfall narrows by Tk62,000cr as BB offers deferral," 20 August 2025.

[509] *The Daily Star*, "BB bars 18 banks from dividend payouts," 27 May 2025.

[510] *The Daily Star*, "Tk 35,000cr more needed to revive the fragile banks," 5 December 2025.

Salehuddin Ahmed placed the cost at USD 5 to 6 billion,[511] representing the minimum domestic capacity for recapitalisation without sovereign external financing. The World Bank, in its April 2025 assessment, estimated the requirement at 10 per cent of GDP—BDT 5.5 to 6.0 trillion, or USD 46 to 50 billion—reflecting full recapitalisation to international standards.[512] [513] The IMF's range of USD 18 to 35 billion lies between the two. The divergence reflects different assumptions about the treatment of government-directed lending and the pace of NPL recovery, but every estimate substantially exceeds the government's domestic capacity to recapitalise without material impact on the fiscal deficit and the sovereign debt trajectory.

Table 6.3 Capital adequacy and solvency

Loss item / metric	Class	BDT (bn)	USD (bn)	Basis
Provision shortfall, 17 banks (Jun 2025)	Data	2,105	14.90	[514]
Capital shortfall, 20 banks (Dec 2025)	Data	3,306	23.40	Broader measure[515]
Sector capital to risk-weighted assets ratio, December 2025	Data		−2.64%	Against 12.5% minimum
Bangladesh Bank deferral, 28 banks	Data	~740	~6.2	Masking[516]
Banks barred from dividend, Dec 2025	Data		18 banks	[517]
Government banking fix estimate	Stress		5 to 6	Domestic capacity[518]
IMF recapitalisation range	Stress		18 to 35	IMF benchmark

[511] *The Daily Star*, "Banking fix," 27 July 2025.

[512] Prothom Alo, "World Bank recommends 10 steps to mitigate bank sector risks," April 2025.

[513] *The Daily Star*, "World Bank flags deepening crisis in banking sector," 24 April 2025.

[514] *The Business Standard,* "17 banks," June 2025.

[515] *The Business Standard,* "Capital shortfall in 20 banks," 2026.

[516] *The Business Standard,* "Capital shortfall narrows," 2026.

[517] *The Daily Star*, "BB bars," 27 May 2025.

[518] *The Daily Star*, "Banking fix," 27 July 2025.

World Bank estimate (10% of GDP)	Stress	55,000	~46 to 50	[519] [520]

Sources: The Business Standard;[521] [522] [523] The Daily Star;[524] [525] World Bank via The Business Standard;[526] The Financial Express.[527]

6.2.3 Distribution of Losses Across Bank Categories

The distribution of losses across Bangladesh Bank's four classified categories—state-owned commercial banks, DFSs, PCBs, and foreign commercial banks—reveals distinct patterns of vulnerability, each with different implications for the public fiscal burden and for systemic stability.

State-owned commercial banks, which account for approximately 25 to 30 per cent of total banking system assets, carry the largest absolute NPL burden at a 44.44 per cent ratio in December 2025, a level of asset quality impairment that by international standards would trigger immediate regulatory intervention or resolution. The four largest—Sonali, Janata, Agrani, and Rupali—collectively recorded a capital shortfall of BDT 37,364 crore, with Janata Bank alone accounting for BDT 22,482 crore. Their recapitalisation is a direct fiscal liability: as sole owner, the government must inject capital from the budget or through bond issuance that adds to the public debt stock, compounding the crowding-out dynamic examined in Section 6.2.3.

DFSs, including Bangladesh Development Bank Limited and Rajshahi Krishi Unnayan Bank, carry a 39.74 per cent NPL ratio and are chronically undercapitalised, a condition that predates the period but was sharply worsened during it. The government announced the merger of these institutions into Sonali Bank and Krishi Bank

[519] Prothom Alo, "World Bank recommends 10 steps to mitigate bank sector risks," April 2025.

[520] *The Daily Star* "deepening crisis," 24 April 2025.

[521] The Business Standard, "17 banks," June 2025.

[522] The Business Standard, "Capital shortfall in 20 banks," 2026.

[523] The Business Standard, "Capital shortfall narrows," 2026.

[524] *The Daily Star*, "Banking fix," 27 July 2025.

[525] *The Daily Star*, "BB bars," 27 May 2025.

[526] Prothom Alo, "World Bank recommends 10 steps to mitigate bank sector risks," April 2025.

[527] *The Financial Express*, "NPL cleanup," 30 November 2025.

respectively, a consolidation that transfers their NPL burden to already stressed state-owned balance sheets.

The most alarming development from a systemic perspective is the deterioration among PCBs. Historically considered the better-managed segment, with NPL ratios substantially below the state-owned sector, they rose from 15.6 per cent in December 2024 to 28.25 per cent in December 2025,[528] a 12.65 percentage point increase within a single calendar year. This represents the contamination of the commercially operated banking sector by a crisis previously confined to public institutions, reflecting the dual impact of the interest rate shock, which compressed margins and increased defaults across all loan types, and the interbank confidence failure examined below.

Table 6.4 NPL distribution by bank category

Loss item / metric	Class	BDT (bn)	USD (bn)	Basis
SOCB NPL ratio, Dec 2025	Data		44.44%	Highest category
DFI NPL ratio, Dec 2025	Data		39.74%	Structural
PCB NPL ratio, Dec 2025	Data		28.25%	Rapid deterioration
SOCB irrecoverable NPL (incremental, 70% LGD)	Type II share	~950	~8.0	~30% of total
DFI irrecoverable NPL (incremental)	Type II share	~260	~2.2	~8%
PCB irrecoverable NPL (incremental, largest rise)	Type II share	~1,500	~12.6	~42%
SOCB recapitalisation fiscal cost (direct liability)	Stress	1,500 to 2,000	12.6 to 16.8	Budget exposure

Notes: Ratios for December 2025 from Bangladesh Bank QFSAR.[529] Loss estimates derived by applying 70 per cent LGD to each category's estimated share of incremental NPL.

6.2.4 Interbank Liquidity Stress

The NPL and capital crisis manifested directly in the interbank funding market, revealing a breakdown of systemic trust with consequences for monetary policy

[528] *The Daily Star, "Default loans may exceed 30% by June," February 2025*.

[529] Bangladesh Bank, *QFSAR, June 2024*, 2024.

transmission and credit intermediation. By July 2025, call money transactions had surged 31.6 per cent month on month to BDT 1.16 lakh crore, with overnight borrowing comprising 84.9 per cent of all transactions[530]—a pattern indicative of extreme short-termism, as banks refused to extend term credit to counterparties whose solvency they doubted. Six banks, four of them Shariah-based institutions, maintained persistent deficits in their current accounts at Bangladesh Bank,[531] indicating illiquidity so severe that they could not meet routine reserve requirements.

Bangladesh Bank responded with BDT 1,42,988 crore in special liquidity facilities, approximately 85 per cent of it as Assured Liquidity Support for primary dealers,[532] confirming that the central bank had become lender of last resort for a dangerously illiquid system. The support suppressed the acute failure risk of the weakest institutions while the recapitalisation question remained unresolved. The contradiction at the heart of the approach—providing liquidity to institutions whose solvency was in question—mirrors the forbearance dynamics that produced the underlying crisis, and risks perpetuating the same cycle at a new equilibrium level of impairment.

6.2.5 Forced Bank Mergers

Bangladesh Bank, under Governor Mansur, pursued a programme of forced consolidation targeting five Shariah-based institutions—Islami Bank Bangladesh Limited, First Security Islami Bank, Social Islami Bank, Union Bank, and Global Islami Bank—for mandatory merger into a single entity provisionally named United Islami Bank. Final approval was granted in November 2025.[533] The merger was presented as a response to capital deficiencies and NPL concentrations at all five but was widely criticised by banking analysts and by the banks' own staff as serving the interests of specific political and business networks rather than those of depositors or the system.

The analytical problem is straightforward. Combining five institutions, each carrying NPL ratios and capital deficits that by conventional standards would require resolution,

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[530] *The Financial Express*, "Call money market falters amid trust deficit," 15 July 2025.

[531] ibid.

[532] The Financial Express, "Special liquidity feeding dries up, G-sec cools," 23 November 2025.

[533] The Daily Ittefaq (English), "'Sammilita Islami Bank' receives final approval," 30 November 2025.

produces a single entity holding the combined impaired assets of all five. United Islami Bank, if it proceeds as structured, will be the largest Islamic bank in Bangladesh by asset size but will inherit a balance sheet with tens of thousands of crores in unresolved NPL exposure. The merger creates systemic concentration risk in the Islamic banking sector: a failure of the merged institution would affect the savings of millions of depositors who had placed funds with one of five previously distinct entities, reducing the effective diversification of systemic exposure. The position of Islami Bank Bangladesh specifically is examined in Case 4.1.

6.2.6 Regulatory Governance Failure and the Additive Losses

The regulatory governance failures under Governor Ahsan H. Mansur constitute a distinct and separately quantifiable source of loss, non-duplicative with the aggregate NPL and capital figures above. They fall into three categories: asymmetric regulatory forbearance for five politically connected institutions, the regulatory suppression of Nagad, and the broader governance damage arising from Mansur's abrupt removal and his replacement by an individual with manifest conflicts of interest.

BusinessWorld India reported in June 2025 that Mansur had personally approved awarding the forensic audit of Nagad's accounts to KPMG India, bypassing lower-cost bidders and raising fundamental questions about procurement transparency and the proper exercise of regulatory authority.[534] The Bangladesh Bank Officers' Welfare Council, in an unprecedented public statement, accused him of favouritism in the award of digital banking licences and of heavy-handed mismanagement of the forced merger programme. In February 2026, Mansur was removed, learning of his replacement from television news without prior notification from the government.[535] He was succeeded by Md Mostaqur Rahman FCMA, a garment exporter, the first businessman to serve as Bangladesh Bank governor, whose company carried BDT 89 crore in restructured bank debt.[536] [537]

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[534] *BusinessWorld India*, "Governor," 10 June 2025.

[535] *The Daily Star*, "Shock ouster," February 2026.

[536] *The Daily Star, "Govt appoints new BB governor after ousting Ahsan Mansur amid turmoil," February 2026*.

[537] *The Daily Star*, "Abrupt ouster of Mansur as governor draws sharp criticism," February 2026.

The asymmetric forbearance extended to the five favoured Shariah banks produced three quantifiable additive losses.

The first is deposit market distortion, at USD 0.10 billion. Mansur's public characterisation of certain non-favoured banks as merger or closure candidates triggered documented interbank deposit migration towards the explicitly favoured institutions, tightening funding costs at non-favoured PCBs. The estimated BDT 490 billion of displaced liquidity, compelled to carry a premium of approximately 150 basis points over the prevailing rate, generates a funding cost of approximately BDT 11 billion (USD 0.10 billion) over the period. The displaced stock itself is a distortion measure, reported for scale, not a loss.

The second is forbearance concealed impairment, at USD 2.45 billion. Regulatory dispensation allowing the five favoured banks to defer NPL recognition beyond the standard 90-day delinquency trigger means that an estimated BDT 417 billion of their loan book, classifiable under uniform supervisory standards, remained outside the official statistics. At 70 per cent LGD, this represents a concealed irrecoverable loss of BDT 292 billion (USD 2.45 billion at BDT 119 per dollar) that will crystallise upon eventual resolution. This LGD-consistent figure is the amount counted.

The third is Strong Bank Scheme asymmetry, at USD 0.15 billion: the interest rate and liquidity preferences granted to the five favoured institutions reduced effective policy transmission across the system at a cost to overall lending capacity. A note on attribution applies. Consistent with the treatment of inherited exposures in Section 2.9, pre-transition lending is not counted. What is counted is the in-scope regulatory act—the asymmetric forbearance that kept the impairment outside the official statistics through the window—which is why the item sits among the governance-attributable losses rather than in the headline credit figure.

Table 6.5 Regulatory governance losses

Loss item / metric	Type	BDT (bn)	USD (bn)	Basis
Deposit market distortion, funding premium (150bp on BDT 490bn displaced)	Type III	~11	~0.10	[538]
Forbearance concealed impairment, 5 favoured banks (70% LGD on BDT 417bn)	Type II	~292	~2.45	@119[539]
Strong Bank Scheme interest rate asymmetry	Type III	~18	~0.15	@115
Subtotal, regulatory governance (counted)		**~321**	**~2.70**	

Notes: Fully additive to the credit loss items above; the concealed impairment lies outside the official NPL stock by construction. Earlier versions booked the displaced deposit stock (USD 4.12 billion) and the full undercounted loan stock (USD 3.50 billion) as losses; this edition counts the funding premium and the LGD-consistent impairment respectively. Sources: BusinessWorld India;[540] The Daily Star.[541] [542] [543]

Case 6.2 Selective Governance and the Favoured Six

When the interim administration assumed power in August 2024, Governor Mansur arranged for sovereign borrowing to flow through a selected group of PCBs with state guarantees. Six institutions received preferential access: Brac Bank, City Bank, Dutch Bangla Bank, Eastern Bank, Prime Bank, and Pubali Bank. The broader banking sector was simultaneously subjected to a contraction that the same administration engineered.

Quarterly financial data from 2023 to Q1 2026 document the pattern. Between Q2 2024 and December 2025, the close of the scope period, deposits expanded by 47.6 per cent at Brac Bank, 41.3 per cent at Eastern Bank, 37.8 per cent at Prime Bank, and 22.0 per cent at Dutch Bangla Bank; City Bank, for which only annual data are available, grew 60.9 per cent between 2023 and 2025. Total assets grew between 26.8 per cent at Prime Bank and 41.2 per cent at Brac Bank over the same window. Loan portfolios grew far more slowly, consistent with a strategy built around government securities rather than private credit.

The clearest indicator is the ratio of non-interest to interest income. All five banks with complete annual data recorded dramatic shifts between 2023 and 2025. City Bank moved from 0.74× to 15.81×,

[538] *BusinessWorld India*, "Governor," 10 June 2025.

[539] ibid.

[540] ibid.

[541] *The Daily Star*, "Shock ouster," February 2026.

[542] *The Daily Star, "Govt appoints new BB governor after ousting Ahsan Mansur amid turmoil," February 2026*.

[543] *The Daily Star*, "Abrupt ouster," February 2026.

Prime Bank from 0.91× to 5.78×, and Brac Bank from 1.26× to 4.33×. In a normal commercial bank, this ratio sits at or below 1. A ratio of 15 means the bank earns 15 times more from fees and commissions than from lending. That is not banking; it is fiscal servicing. Two data cautions apply: interest income in the underlying quarterly reports is net of interest expense, so the ratio is non-interest income to net interest income (NII); and City Bank's 2025 interest income decline likely reflects an income reclassification, so its 15.81× reading should be treated as indicative rather than precise.

Even as the sector deteriorated, Governor Mansur ran a sustained media campaign attributing the condition of the banking system to the previous government. The data at the end of June 2024 do not support that account: classified loans stood at 13 per cent of the portfolio, unremarkable by regional standards. The subsequent collapse in private credit was not something the Governor discovered. Private credit contracted in banks with exposures to Awami League-affiliated businesses, and cases such as S Alam served as the supporting narrative.

Figure C6.2.1 Non-interest to interest income ratio, 2023 against 2025.



Source: Bank annual reports. NII/II = non-interest income divided by interest income

Table C6.2.1 Key performance metrics, Q2 2024 to Q1 2026 unless stated

Bank	Deposit growth (Q2 2024 to Dec 2025)	Non-interest income growth (2023 to 2025)	NII/II 2023	NII/II 2025
Dutch Bangla Bank	+22.0%	+136%	0.61×	1.61×
City Bank	+60.9% (2023 to 2025)	+283%	0.74×	15.81×
Eastern Bank	+41.3%	+65%	1.56×	2.22×
Prime Bank	+37.8%	+157%	0.91×	5.78×
Brac Bank	+47.6%	+168%	1.26×	4.33×
Pubali Bank	+36.0% (Mar 2024 to Sep 2025)	n/a	n/a	n/a

Source: Bank annual and quarterly reports. NII/II is non-interest income divided by NII. Deposit and asset growth measured Q2 2024 to December 2025 for scope consistency; City Bank on an annual 2023 to 2025 basis for lack of quarterly data; income comparisons use full-year 2023 and 2025 accounts.

6.2.7 Banking Sector: Summary

The banking sector has experienced a deterioration in asset quality, capital adequacy, and institutional governance that is extreme by international comparative standards. The gross NPL ratio reached 35.73 per cent at its September 2025 peak,[544] the highest reported in Asia, and the sector's aggregate capital ratio fell to negative 2.64 per cent. The provision shortfall of USD 14.90 billion across 17 banks[545] is the minimum capital gap and is reported as a memo measure. The counted central estimate is the irrecoverable NPL loss of USD 25.50 billion at 70 per cent LGD, with a disclosure-adjusted floor of USD 17.5 billion, plus the regulatory governance items of USD 2.70 billion comprising the concealed impairment of the five favoured banks, the deposit funding premium, and the Strong Bank Scheme asymmetry.[546] The banking sector counted estimate is USD 28.2 billion.

6.3 The Wider Financial Sector

This section estimates the losses arising from the broader financial and macroeconomic deterioration: the collapse of private sector credit growth, the output gap arising from suppressed GDP growth, the crowding out of private lending by government bank borrowing, the accumulation of new external debt, the depreciation of the BDT, trade finance disruption, the suppression of Nagad's digital financial services, and the governance cost of central bank institutional damage.

[544] *Jagonews24, "Default loans reach Tk 6.44 lakh crore," 2025*.

[545] *The Business Standard,* "17 banks," June 2025.

[546] *BusinessWorld India,* "Governor," 10 June 2025.

Table 6.6 Financial sector loss estimation summary

Loss item / measure	Type	USD (bn)	Basis
Nagad suppression, realised (fee income and inclusion cost)	Type I/II	1.80	Counted[547] [548]
Governance and reputational cost (correspondent banking; sovereign spread)	Type III	0.65	Counted[549] [550]
Financial sector counted subtotal		**2.45**	
Memo: foregone private credit (below-trend growth)	Type I memo	7.07	Channel indicator; effects in GDP context[551]
Memo: GDP output gap, 2.51pp shortfall	Type I memo	8.70	Context; Chapter 5 memo[552]
Memo: government crowding out of bank lending	Type I memo	12.50	Displacement indicator[553]
Memo: new external debt accumulated	Liability memo	11.00	Not a loss[554]
Memo: BDT depreciation on external debt (8.2%)	Indicator	7.80	Separately classified
Memo: LC settlement gap against FY2022 peak	Excluded	17.90	Joint with credit losses
Memo: interest rate shock, 18-month burden	Indicator	8.87	Partial cause of items above
Memo: Nagad fintech and FDI deterrence	Type I memo	2.06	Overlaps Chapter 7 investment items

[547] *BusinessWorld India,* "Governor," 10 June 2025.

[548] *The Financial Express*, "Nagad privatisation," 2025.

[549] *The Daily Star*, "Shock ouster," February 2026.

[550] *The Daily Star, "Govt appoints new BB governor after ousting Ahsan Mansur amid turmoil," February 2026*.

[551] *The Daily Star*, "Private sector," 2 February 2026.

[552] *The Business Standard,* "GDP growth," 2025.

[553] *The Daily Star*, "Govt's bank borrowing," 2026.

[554] *The Business Standard,* "Country's external debt," September 2025.

6.3.1 Private Sector Credit Suppression

Private sector credit growth is the primary transmission mechanism through which the banking sector's health, or impairment, reaches the productive economy. When credit to private businesses and households contracts relative to trend, investment falls, employment growth slows, and output undershoots its potential. The credit growth collapse is both the most directly measurable dimension of the banking sector's impact on the real economy and the most significant driver of the output gap.

Private sector credit growth averaged 10.3 per cent across FY2022 to FY2024, broadly consistent with Bangladesh's historical performance and credit deepening trajectory. It then fell continuously: 6.49 per cent in FY2025 Q4,[555] 6.58 per cent in November 2025, 6.10 per cent in December 2025,[556] 6.03 per cent in January and February 2026, and 4.72 per cent in March 2026, the lowest rate recorded in Bangladesh's modern banking statistical history.[557] *The Business Standard* reported in early 2026 that banks were quietly abandoning the private sector, substituting zero-risk government securities for private lending as a portfolio strategy.[558] Near-term recovery was assessed as unlikely given the NPL overhang, capital deficits, and entrepreneur reluctance to borrow under conditions of political and economic uncertainty.

The supply-side explanation is straightforward: capital-impaired banks facing mounting provisioning requirements reduced risk appetite and credit extension to conserve capital. The demand-side explanation complements it: businesses facing uncertain operating conditions, rising interest rates, and a contracting economy postponed the investment decisions that would normally generate loan demand. The two channels reinforce one another. Credit suppression reduces economic activity, which generates further defaults, and these, in turn, further constrain the capacity to lend—the self-perpetuating dynamic that financial economists term a credit crunch. The PRI warned explicitly that Bangladesh was entering such a cycle,[559] a characterisation consistent

[555] *The Daily Star*, "Private sector," 2 February 2026.

[556] ibid.

[557] The Business Standard, "Private sector credit growth drops to all-time low of 4.72%," 20 May 2026.

[558] The Business Standard, "Banks are quietly abandoning private sector," 2 May 2026.

[559] *The Daily Star*, "stagflation: PRI," 28 November 2025.

with the simultaneous record-low credit growth and record-high NPL ratio observed in late 2025 and early 2026.

The foregone credit gap—the difference between the actual private credit stock and the counterfactual stock had growth remained at the 10.3 per cent trend—is estimated at BDT 843 billion (USD 7.07 billion at BDT 115 per dollar) at the end of FY2025. This is a conservative lower bound: as credit growth continued to fall through early 2026, the cumulative gap widened substantially. The gap does not itself represent an irrecoverable loss. It represents foregone intermediation that would have generated investment, employment, and output, and its economic consequences are captured through the output gap. Consistent with the convention of Section 2.8.1, it is reported as a memo indicator and is not counted.

6.3.2 Output Suppression

GDP growth data provide the most comprehensive measure of the aggregate cost of banking and financial sector deterioration. BBS provisional estimates placed FY2025 growth at 3.97 per cent,[560] subsequently revised down to 3.49 per cent in the final accounts,[561] a 36-year low and the lowest rate since the COVID disruption of FY2020 on the World Bank's comparative assessment.[562] The multi-year trajectory is stark: 7.10 per cent in FY2022, 5.78 per cent in FY2023, 4.22 per cent in FY2024, and 3.49 per cent revised in FY2025. The deceleration across three consecutive years represents a cumulative reduction of 3.61 percentage points in annual growth, with the sharpest single-year drop in FY2025.

The World Bank's April 2025 assessment placed FY2025 growth at 3.3 per cent,[563] lower still than the provisional estimate, attributing the deceleration to a sharp decline in private and public investment and identifying the political disruption of August 2024—violence, curfews, internet shutdowns—as the primary shock in the first quarter of

[560] The Business Standard, "GDP grows 3.97% in FY25, lowest since Covid: Provisional BBS data," 27 May 2025.

[561] *The Business Standard,* "GDP growth," 2025.

[562] Prothom Alo (English), "3m more to fall into extreme poverty in Bangladesh: World Bank," 24 April 2025.

[563] Dhaka Tribune, "WB slashes Bangladesh's FY25 growth forecast to 3.3%," April 2025.

FY2025, with credit suppression and governance uncertainty as the sustaining factors thereafter. The IMF's contemporaneous projection of 3.8 per cent for calendar 2025 was also substantially below pre-transition trend. Both institutions warned of the poverty implications: the World Bank projected that an additional 3 million Bangladeshis would fall into poverty at the 3.49 per cent growth rate,[564] eroding years of welfare gains.

A material data quality caveat applies to all comparisons with prior years. *The Daily Star* reported in December 2024 that BBS data had been overstated by approximately 3.5 percentage points under the previous government,[565] meaning the pre-transition trend against which deterioration is measured was itself inflated. The caveat cuts in a specific direction: if the true underlying trend before August 2024 was 4.5 to 5.0 per cent rather than the reported 7 to 8 per cent, the gap between pre- and post-transition performance is smaller than the official statistics suggest. This chapter acknowledges the caveat but does not adjust for it, since BBS has not published revised historical series; the figures used are the official provisional and revised estimates. The treatment is consistent with the symmetric scepticism required by Section 2.3.

The output gap estimate of USD 8.7 billion is derived as follows: the 2.51 percentage point shortfall below the FY2022 to FY2024 trend of approximately 6.0 per cent—itself conservative relative to the official 7 per cent trend, given the data quality issues—applied to nominal GDP of approximately USD 460 billion and pro-rated over the 18-month period. This is a partial estimate. It captures only the FY2025 growth gap and does not incorporate continuing suppression into FY2026, and should be read as a lower-bound contribution from the GDP channel. Under the bottom-up convention, it is a memo item here; the economy-wide aggregate is reported once, as context and cross-check, in Chapter 5.

6.3.3 Government Crowding Out

Government borrowing from the domestic banking system, when it expands rapidly relative to the system's absorptive capacity, displaces private sector credit directly. The mechanism is well established: aggressive competition for lendable bank funds drives

[564] *Prothom Alo (English), "3m more to fall into extreme poverty in Bangladesh: World Bank," 24 April 2025*.

[565] *The Daily Star*, "Growth data inflated by 3.5 percentage points during AL regime," 6 December 2024.

up the price of credit and reduces the quantity available to private borrowers. Both channels are empirically active and measurable during the period.

The scale of government bank borrowing significantly exceeded that of the prior period. Between July 2025 and March 2026, a nine-month window, the government borrowed BDT 1,26,102 crore from the banking system,[566] approximately four times the BDT 27,403 crore borrowed in the equivalent nine months of the preceding year. The acceleration occurred despite—or perhaps because of—the banking sector's own capital stress: the government was drawing on bank funds to finance both its ordinary fiscal deficit and the costs of its banking stabilisation programme, simultaneously draining the liquidity banks needed to maintain credit to private borrowers. Yields on Bangladesh Government Treasury Bills rose sharply,[567] confirming the price channel: government bond rates rose as supply increased, displacing private borrowers who could not afford the higher cost of funds.

Total outstanding government debt crossed BDT 21 trillion during the period,[568] a 13.5 per cent increase within a single fiscal year. Interest payments and subsidies together consumed nearly half the national budget,[569] leaving minimal fiscal space for capital expenditure or the social spending that would normally offset the distributional consequences of a financial crisis. The structural driver is Bangladesh's chronically low tax-to-GDP ratio, which has fallen from above 10 per cent to approximately 7 per cent, compelling reliance on bank borrowing and external debt to finance an increasing share of recurrent expenditure.

The crowding-out estimate has been revised upward from USD 9.84 billion, based on August 2024 to January 2026 data, to USD 12.5 billion, based on the confirmed nine-month figure of BDT 1,26,102 crore extrapolated conservatively over the full 18-month period. The increment of USD 2.66 billion reflects better data availability and the confirmed acceleration in borrowing pace through FY2026. The figure measures the displacement of lendable funds rather than a realised loss, and its economic effects travel through the

[566] *The Daily Star*, "Govt's bank borrowing," 2026.

[567] *The Financial Express*, "Yield on BGTBs rises sharply," 9 April 2025.

[568] *The Daily Star*, "Govt debt tops Tk 21 trillion," 15 November 2025.

[569] *The Daily Star*, "Interest payments, subsidies soak up almost half of budget," 17 May 2025.

credit and output channels already described; it is therefore a memo indicator and so is not counted. The nine-month borrowing window extends one month past the February 2026 scope close, and the extrapolation is flagged accordingly.

6.3.4 External Debt

Bangladesh's external debt position deteriorated significantly, both in absolute stock and in debt service burden relative to export and revenue capacity. Total external debt reached USD 112.15 billion at end June 2025,[570] having risen by USD 7.35 billion in the single quarter from March to June 2025.[571] Over the full FY2025 fiscal year, gross foreign debt disbursements reached USD 74 billion, a record level driven by an unusually high volume of budget support loans from multilateral and bilateral creditors. The pace of new accumulation accelerated even as the sustainability of the existing stock came into question. Debt accumulation is a liability rather than a realised loss; the stock and its servicing burden are reported as memo items.

The debt service dimension is equally serious. Annual repayments reached USD 7.3 billion in 2024, a 617 per cent increase on the USD 1.0 billion repaid in 2010 and the fastest growth in repayment obligations in South Asia.[572] The government faced a projected USD 30 billion debt servicing bill over the medium term,[573] creating significant fiscal pressure even under continued normalisation. China, among Bangladesh's largest bilateral creditors, agreed to extend the repayment period for existing loans,[574] a concession that is operationally helpful but is also a sovereign distress indicator: such extensions are not offered to borrowers with comfortable repayment capacity.

The IMF imposed a quantitative ceiling on external borrowing, limiting total foreign loan intake to USD 8.44 billion for FY2026 with quarterly sub-limits.[575] The constraint, unprecedented in Bangladesh's engagement with the Fund, reflects an assessment that

[570] *The Daily Star*, "Foreign debt rises to $112b," 19 September 2025.

[571] *The Business Standard,* "Country's external debt," September 2025.

[572] *The Daily Star*, "Bangladesh's debt repayments jump 617%, fastest in South Asia," December 2025.

[573] The Daily Star, "Govt faces $30B debt servicing bill," February 2026.

[574] *The Daily Star*, "Govt debt tops Tk 21 trillion," 15 November 2025.

[575] The Business Standard, "What does IMF ceiling on borrowing mean for Bangladesh?," 30 September 2025.

the pace of accumulation had become unsustainable relative to export earnings and fiscal revenues. The IMF's Debt Sustainability Analysis downgraded Bangladesh's risk rating from low to moderate for two consecutive annual assessments. The 8.2 per cent depreciation adds a further dimension: at BDT 119 per dollar against BDT 110 at transition, every billion dollars of external debt generates BDT 9 billion more in domestic currency servicing cost, a structural amplification not captured in the dollar stock figures.

6.3.5 Exchange Rate Depreciation

The BDT depreciated approximately 8.2 per cent against the dollar, from approximately BDT 110 to 112 at the August 2024 transition to BDT 119 by late 2025. The depreciation was the product of several converging pressures: Bangladesh Bank's decision to allow greater exchange rate flexibility under IMF programme conditionality,[576] the persistent current account deficit, declining FDI, and the wider perception of macroeconomic and political risk among international investors and counterparties.

In May 2025, Bangladesh Bank formally adopted a market-based exchange rate regime, ending the managed peg that had maintained an artificially appreciated BDT at the cost of reserve depletion.[577] The transition produced a period of volatility, documented in contemporaneous financial reporting, followed by a degree of stabilisation supported by Bangladesh Bank's purchase of USD 5.0 billion in the seven months to February 2026 to limit the downside.[578] The depreciation affects both the trade competitiveness of exports and the domestic currency cost of servicing the USD 112 billion external debt stock. A 1 per cent depreciation on USD 107 billion of external debt, the June 2024 baseline, adds BDT 107 billion to the domestic debt burden; the full 8.2 per cent depreciation adds BDT 878 billion (USD 7.4 billion at the new rate). This is classified separately to avoid double counting with the external debt accumulation figure.

[576] *The Daily Star*, "BB eases currency controls in IMF reform push," 15 May 2025.

[577] ibid.

[578] *The Financial Express*, "BB buys $5.0b in 7 months to stabilise forex rate," 17 February 2026.

6.3.6 Trade Finance Disruption

The LC settlement system—the primary mechanism through which Bangladesh finances its import requirements and through which export-oriented manufacturers arrange pre-shipment financing—remained structurally below its FY2022 peak throughout the period. The FY2022 settlement of USD 87.71 billion represented the apex of trade finance activity during the global post-COVID demand surge. By FY2024, settlement had fallen to USD 69.18 billion, a shortfall of USD 18.53 billion, and there is no evidence of material recovery during the period under review.

The causes are multiple and mutually reinforcing: NPL stress reduced the willingness and capacity of banks to issue and confirm letters of credit; rising trade costs with India, where non-tariff measures added 20 per cent to bilateral trade costs; the threat of a 37 per cent US tariff announced in April 2025, which suppressed order placements from American buyers for multiple quarters; and deteriorating correspondent banking relationships, a consequence of the governance uncertainty documented in this chapter, which reduced the availability of trade finance lines from international banks. Exports fell approximately 5 per cent across calendar 2025 and the trade deficit widened to USD 7.5 billion. The LC settlement gap is excluded from the counted total to avoid double counting with banking sector credit losses, since the two variables are jointly determined by the same underlying financial stress.

6.3.7 The Interest Rate Shock

The policy repo rate rose from 6.0 per cent in 2023 to 10.0 per cent by 2025, a 400 basis point increase implemented as part of the IMF-conditioned monetary tightening programme to contain persistent inflation. On a private sector credit stock of approximately BDT 17,000 billion, a 400 basis point increase in lending costs translates to an additional BDT 680 billion per year, or BDT 1,020 billion (USD 8.87 billion at BDT 115 per dollar) over the 18-month period, in interest burden on existing and new private borrowers. The lending-deposit spread simultaneously widened from 1.05 per cent to 5.6 per cent, indicating that banks were capturing a disproportionate share of the rate increase as margin rather than passing savings through to depositors—an allocative failure that damaged both borrowers and savers.

The interest rate shock is excluded from the counted total to avoid double counting with the credit suppression and output gap figures, since the rate increase is a partial cause of both the credit contraction and the growth slowdown. It nonetheless has an independent dimension: it raises the probability of default on performing loans by increasing debt service costs relative to borrower cash flows, accelerating the NPL deterioration documented in Section 6.1, and it imposes a direct cost on households and small enterprises carrying variable rate debt that appears in neither the credit growth nor the GDP data. The full 18-month burden of USD 8.87 billion is reported as an indicator.

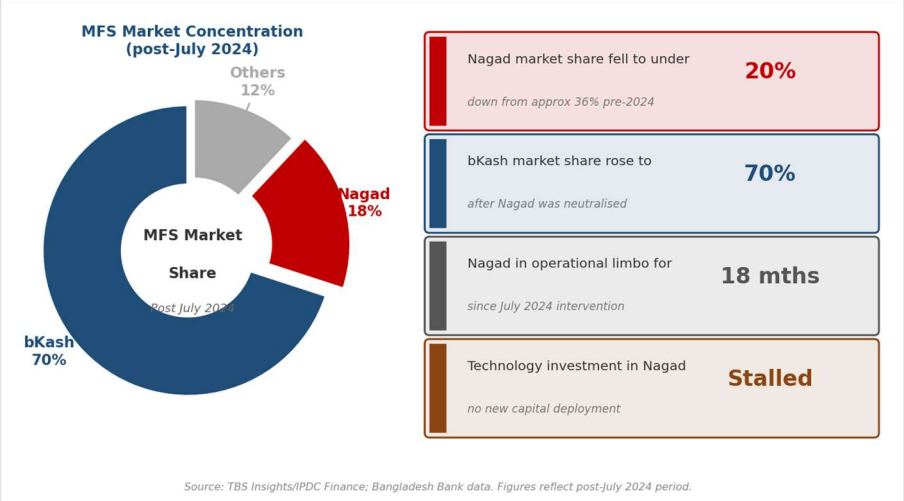
Case 6.3 Manufactured Monopoly in Mobile Finance

Nagad, the second-largest MFS provider in Bangladesh, is an entity of the Bangladesh Post Office. In 2024, Bangladesh Bank placed it under state administration. The stated grounds were alleged irregularities and an ownership dispute. The actual grounds were political.

Two factors made this possible. The Bangladesh Bank Order 1972 was amended to remove the age restriction on the governorship, a change with no apparent regulatory purpose beyond qualifying Ahsan Mansur for the post. Once installed, Mansur moved to appoint an administrator for Nagad. He had previously served as Chairman of Brac, the parent organisation of bKash, Nagad's principal commercial rival.

The commercial consequences were immediate. Nagad's market share fell below 20 per cent while bKash captured approximately 70 per cent of the market. Technology investment in Nagad stalled. By early 2026, the company had been in operational limbo for 18 months.

Figure C6.3.1 Nagad against bKash: market outcome of regulatory intervention.



Bangladesh Bank then entertained a Jamaat-e-Islami lawmaker to explore privatisation of Nagad through foreign investors, an episode that indicates how far central bank authority had drifted from its statutory mandate. The apex court ultimately declared the new board illegal, but the ruling came too late to undo the commercial damage.

The connection between the Governor and bKash is not incidental. A regulator who used the central bank to suppress a competitor of his former employer was captured before he arrived. The damage to Nagad is visible and measurable; the damage to institutional independence is not.

Table C6.3.1 Nagad crisis timeline

Event	Date	Outcome
Bangladesh Bank Order amended	2024	Age restriction removed; Mansur eligible
Mansur appointed governor	2024	Former Brac chairman installed
Administrator appointed for Nagad	2024	Operations frozen; market share erosion begins
Privatisation discussions	2024	Jamaat-e-Islami lawmaker consulted
Apex court ruling	2025	New board declared illegal
Status as of Q1 2026	Ongoing	Market share below 20%; bKash at 70%

Source: Bangladesh Bank records; Supreme Court of Bangladesh; TBS Insights / IPDC Finance.

6.3.8 Nagad: Quantifying the Suppression

Nagad, established under a licence arrangement with the Bangladesh Post Office, grew to become the largest MFS provider by registered user base, with approximately 85 million accounts—nearly half the adult population—and annual transaction volumes exceeding BDT 5,000 billion. It provided remittance services, government benefit payments, merchant payment processing, and mobile banking to a predominantly unbanked or underbanked population for whom conventional banking was inaccessible or unaffordable. Its disruption therefore carries not only an economic cost in foregone transaction efficiency but also a financial inclusion cost in the form of regression to higher-cost channels.

The regulatory campaign involved multiple specific actions: exclusion from key interoperable payment systems, revocation of its operational sublicence under the Bangladesh Post Office, restrictions on the expansion of its agent network, and the forensic audit awarded to KPMG India under circumstances that raised procurement

transparency concerns.[579] *BusinessWorld India* reported in June 2025 that Mansur had personally authorised the appointment, bypassing lower-cost competing bids.[580] In September 2025, the government announced that Nagad would be privatised,[581] with the Governor subsequently deferring the decision to a future administration.[582] Freezing Nagad's expansion at its highest growth phase, combined with the signal these actions sent to the wider fintech investment community, constitutes a documented and quantifiable regulatory suppression whose financial consequences extend well beyond Nagad's own balance sheet.

The suppression loss is estimated across four channels: foregone MFS fee income at 0.5 per cent of suppressed transaction volume (USD 0.60 billion); financial inclusion cost for 85 million users compelled to access higher-cost alternative channels (USD 1.20 billion); foregone fintech ecosystem investment deterred by the regulatory signal (USD 1.00 billion); and regulatory and FDI deterrence in the fintech sector more broadly (USD 1.06 billion). The first two channels, totalling USD 1.80 billion, are realised in-period losses and are counted. The latter two, USD 2.06 billion, are investment deterrence effects that overlap the investment losses quantified in Chapter 7 and are reported as a memo item to avoid double counting. These estimates remain conservative: they do not capture second-order welfare costs to users or the full innovation opportunity cost of digital finance development being set back by regulatory fiat.

Table 6.7 Nagad digital finance suppression

Loss item / metric	Type	BDT (bn)	USD (bn)	Basis
MFS fee income foregone (0.5% on suppressed volume)	Type I	~69	~0.60	Counted @115
Financial inclusion cost, 85m users, higher-cost channels	Type III	~138	~1.20	Counted @115
Subtotal, Nagad realised (counted)		**~207**	**~1.80**	

[579] *BusinessWorld India,* "Governor," 10 June 2025.

[580] ibid.

[581] The Daily Star, "Govt initiates process to seek investor for Nagad," 4 September 2025.

[582] *The Financial Express*, "Nagad privatisation," 2025.

Memo: foregone fintech ecosystem investment	Type I memo	~115	~1.00	Overlaps Chapter 7
Memo: regulatory and FDI deterrence in fintech	Type I memo	~122	~1.06	Overlaps Chapter 7

Sources: BusinessWorld India;[583] The Financial Express;[584] Bangladesh Pratidin.[585]

6.3.9 Governance and Reputational Cost

The manner of Governor Mansur's removal—abrupt, and announced to him via television rather than formal notification[586]—and his replacement by a garment exporter with active conflicted financial relationships[587] [588] constituted a governance event whose financial consequences extend beyond the individuals involved. The appointment drew immediate criticism from economists, international financial observers, and former central bankers, with commentators warning that it could undo economic recovery at a critical juncture in IMF programme implementation.

The damage manifests in three financial channels. The first is FDI deterrence: international investors factor the quality and predictability of regulatory institutions into location decisions, and the demonstration that the central bank governorship can be vacated abruptly and filled by a political appointee with conflicts of interest signals institutional fragility that deters long-horizon commitments. The FDI shortfall relative to South Asian Association for Regional Cooperation peer average growth rates provides a proxy, estimated at USD 0.85 billion. The second is correspondent banking cost: three domestic banks subject to regulatory sanction during the period experienced the withdrawal of correspondent banking relationships from international counterparties, a direct financing cost estimated at USD 0.30 billion. The third is sovereign spread widening: elevated risk perception added approximately USD 0.35 billion in incremental

[583] *BusinessWorld India,* "Bangladesh Bank governor faces conflict of interest allegations," 10 June 2025.

[584] *The Financial Express*, "Nagad privatisation," 2025.

[585] *The Daily Star, "Govt initiates process to seek investor for Nagad," 4 September 2025*.

[586] *The Daily Star*, "Shock ouster," February 2026.

[587] *The Daily Star, "Govt appoints new BB governor after ousting Ahsan Mansur amid turmoil," February 2026*.

[588] *The Daily Star*, "Abrupt ouster," February 2026.

interest costs on market-sourced external debt, based on the spread differential between Bangladesh's sovereign bonds and comparator benchmarks.

The correspondent banking and sovereign spread channels, USD 0.65 billion, are counted. The FDI deterrence channel of USD 0.85 billion overlaps the investment losses quantified in Chapter 7 and is a memo item. The counted figure is deliberately conservative, capturing only quantifiable direct costs rather than the full long-term institutional damage.

6.3.10 Financial Sector: Summary

The financial sector losses arise from the interaction of banking sector impairment, macroeconomic suppression, fiscal crowding out, external debt accumulation, and regulatory governance failure. Private sector credit growth had fallen to 6.03 per cent by January and February 2026, the close of the scope period, on its way to a historic low of 4.72 per cent in March 2026, just after the close.[589] GDP growth fell to a 36-year low of 3.49 per cent in FY2025.[590] Government bank borrowing surged to roughly four times its prior-year pace.[591] External debt reached USD 112 billion while repayments grew 617 per cent over 14 years.[592] [593]

Under the report-wide conventions, the counted items are the realised Nagad suppression losses of USD 1.80 billion and the direct governance and reputational costs of USD 0.65 billion, both arising from deliberate regulatory overreach.[594] The credit, GDP, crowding out, and external debt figures are memo indicators, and the fintech investment deterrence overlaps Chapter 7. The financial sector counted estimate is USD 2.45 billion.

[589] *The Business Standard,* "all-time low of 4.72%," March 2026.

[590] *The Business Standard,* 2025 "GDP growth," 2026.

[591] *The Daily Star*, "Govt's bank borrowing," 2026.

[592] *The Daily Star*, "Bangladesh's debt repayments," December 2025.

[593] *The Daily Star*, "Foreign debt," 19 September 2025.

[594] *BusinessWorld India*, "Governor," 10 June 2025.

6.4 The Capital Market

The DSE suffered significant wealth destruction during the period. While the capital market is smaller relative to GDP than the banking sector, equity market performance measures investor confidence and the costs borne by retail and institutional investors who placed savings in listed securities rather than bank deposits. This section estimates the market capitalisation losses and investor wealth destruction attributable to the period, drawing on confirmed data from *The Business Standard* and DSE monthly reporting.

Table 6.8 Capital market loss estimation summary

Loss item / measure	Type	USD (bn)	Basis
Market capitalisation loss, pre-transition 2024 high to Dec 2025	Type II	9.26	BDT 1,102bn; counted[595] [596]
Memo: market capitalisation loss in calendar 2024	Type II memo	9.92	Includes seven pre-transition months[597]
Memo: FX-adjusted USD loss (8.2% depreciation)	Indicator	4.40	FX effect
Memo: retail investor share of counted loss (35%)	Distribution	3.24	Within the 9.26, not additive
Memo: zero IPOs in 10 months, capital formation loss	Qualitative		Structural[598]
Stress: DSEX 5 to 10% further decline in 2026	Stress	2.9 to 5.9	Scenario
Capital market counted estimate		**9.26**	

6.4.1 Market Capitalisation Decline

The Business Standard reported in January 2025 that BDT 1.18 lakh crore, equivalent to USD 9.92 billion at BDT 119 per dollar, was erased from DSE market capitalisation during

[595] *The Business Standard,* "DSEX sheds 16.49%," January 2025.

[596] *Kalbela*, "Market capitalisation declined," 23 June 2025.

[597] *The Business Standard,* "DSEX sheds 16.49%," January 2025.

[598] The Daily Star, "One lakh stock accounts closed amid IPO drought in FY25," 24 June 2025.

calendar year 2024,[599] the steepest annual loss since 2019. The benchmark Dhaka Stock Exchange Broad Index (DSEX) index fell 16.49 per cent across the year, placing the 2024 performance among the worst in Asia notwithstanding the relative modesty of Bangladesh's equity market in absolute terms.

The trajectory within the year followed a distinctive pattern. The August 2024 transition initially produced a brief rally, as investors interpreted the change of administration as potentially positive for market governance reform and anti-corruption enforcement, and foreign investors who had been largely absent in preceding years briefly reactivated positions. The optimism proved short-lived. By October 2024, the DSEX had plunged to a 47-month low,[600] with the sell-off driven by deteriorating confidence in both the broader economic trajectory and the BSEC's ability to deliver meaningful reform. The new BSEC leadership under Rashed Maksud, appointed specifically to restore confidence, failed to arrest the decline across eight months of tenure. The regulatory vacuum at the BSEC is documented in Section 4.3.3.

The 2024 losses do not capture the full review period. *Kalbela* reported in June 2025 that market capitalisation had declined by a further BDT 54,000 crore over the subsequent nine months,[601] bringing the total decline from the 2024 pre-transition high of BDT 7,884 billion to BDT 6,782 billion at December 2025—a fall of BDT 1,102 billion. The FX-adjusted dollar loss, capturing the additional wealth destruction arising from the 8.2 per cent depreciation, is estimated at USD 4.40 billion: even had market capitalisation in BDT terms remained flat, depreciation would have reduced the dollar value of holdings from approximately USD 66.3 billion to USD 57.0 billion. For scope consistency, this chapter counts the full-period measure of USD 9.26 billion from the pre-transition high to December 2025; the calendar 2024 figure of USD 9.92 billion includes seven pre-transition months and is reported as a memo detail.

[599] *The Business Standard,* "DSEX sheds 16.49%," January 2025.

[600] *The Daily Star*, "Stocks plunge to 47-month low on sell-off," 28 October 2024.

[601] *Kalbela*, "Market capitalisation declined," 23 June 2025.

6.4.2 Investor Wealth Distribution and the IPO Vacuum

The DSE has approximately 3.2 million active beneficiary owner accounts, with a significant proportion concentrated in retail investors holding small and medium portfolios. Applying the 16.49 per cent 2024 decline to the estimated retail share of 35 per cent of total market capitalisation, approximately BDT 2,350 billion at year start, yields retail wealth destruction of approximately BDT 388 billion (USD 3.26 billion at BDT 119 per dollar)—savings losses borne specifically by individual Bangladeshi investors, as distinct from institutional and fund investors who account for the balance.

The complete absence of IPOs during the first ten months of the interim government[602] is a structural loss indicator not captured in the market capitalisation figures. IPOs are the mechanism through which growing private businesses access equity capital, converting expansion requirements into publicly traded instruments and widening the investment universe for domestic savers. The ten-month vacuum confirms that the primary market—the capital formation function of the exchange—had broken down entirely. Companies that would ordinarily have come to market either accessed alternative and typically more expensive sources of capital or deferred expansion plans. The foregone capital formation, difficult to quantify precisely, represents a structural supply-side cost to medium-term growth capacity.

Table 6.9 Capital market losses in detail

Loss item / metric	Class	BDT (bn)	USD (bn)	Basis
BDT 1.18 lakh crore market cap loss in 2024	Type II memo	1,180	9.92	@119[603]
DSEX percentage decline in 2024	Detail		16.49%	Confirmed
Forty-seven-month index low, October 2024	Detail			Confirmed[604]
2024 pre-transition high (BDT 7,884bn) to Dec 2025	Type II counted	1,102	9.26	Full period

[602] *The Daily Star, "One lakh stock accounts closed amid IPO drought in FY25," 24 June 2025.*

[603] *The Business Standard,* "DSEX sheds 16.49%," January 2025.

[604] *The Daily Star*, "Stocks plunge," 28 October 2024.

Nine-month market cap decline to Jun 2025	Detail	540	4.54	Additional[605]
FX-adjusted loss (8.2% depreciation on USD value)	Detail		4.40	USD measure
Retail investor loss (35% share × 16.49% decline)	Detail	413	3.47	@119
Institutional and fund investor balance	Detail	767	6.45	@119
Zero IPOs in 10 months	Detail		Qualitative	Structural[606]
Stress: 5 to 10% further DSEX decline in 2026	Stress	350 to 700	2.9 to 5.9	Scenario

Notes: BDT 1.18 lakh crore confirmed from The Business Standard, January 2025. Sources: DSE; The Business Standard;[607] Kalbela;[608] The Daily Star;[609] BDToday.[610]

6.4.3 Capital Market: Summary

The DSE lost BDT 1.18 lakh crore (USD 9.92 billion) in market capitalisation during calendar 2024 alone,[611] with the DSEX recording its steepest annual decline since 2019, and a further BDT 54,000 crore over the subsequent nine months.[612] The scope-consistent counted measure is the decline from the pre-transition 2024 high to December 2025: BDT 1,102 billion, USD 9.26 billion at BDT 119 per dollar. The 16.49 per cent index fall in 2024 disproportionately harmed retail investors, whose share of the counted loss is approximately USD 3.2 billion in household savings. The complete absence of IPOs in the first ten months confirms a structural breakdown of the market's primary function. The capital market counted estimate is USD 9.3 billion.

[605] *Kalbela*, "Market capitalisation declined," 23 June 2025.

[606] *The Daily Star, "One lakh stock accounts closed amid IPO drought in FY25," 24 June 2025.*

[607] *The Business Standard,* "DSEX sheds 16.49%," January 2025.

[608] *Kalbela*, "Market capitalisation declined," 23 June 2025.

[609] *The Daily Star*, "Stocks plunge," 28 October 2024.

[610] *The Daily Star, "One lakh stock accounts closed amid IPO drought in FY25," 24 June 2025.*

[611] *The Business Standard,* "DSEX sheds 16.49%," January 2025.

[612] *Kalbela*, "Market capitalisation declined," 23 June 2025.

6.5 Version Reconciliation

The table below compares the initial integrated estimate, the plain academic edition, and this expanded edition with source-verified revisions. All three are methodologically consistent; the differences arise from the use of peak-period NPL data, confirmed government borrowing figures, and revised BBS GDP data. Following the report-wide harmonisation applied in this edition—bottom-up counting, memo treatment of channel indicators and liabilities, corrected governance items, and the scope-consistent capital market measure—the counted central estimate is USD 39.9 billion within a range of USD 31.9 to 42.1 billion. The table is retained as version history; the reconciliation to the counted estimate is given in Table 6.10.

Table 6.10 Version reconciliation of the banking and finance estimates

Component	INI	ACA	VER	Change INI → VER
Section 6.2, NPL irrecoverable	20.34	25.50	25.50	+5.16
Section 6.2, provision shortfall	13.97	14.90	14.90	+0.93
Section 6.2, regulatory governance	7.77	7.77	7.77	
Section 6.2, central	28.10	33.00	33.00	+4.90
Section 6.3, GDP output gap	5.86	8.70	8.70	+2.84
Section 6.3, government crowding out	9.84	12.50	12.50	+2.66
Section 6.3, external debt	9.00	11.00	11.00	+2.00
Section 6.3, Nagad and governance	5.36	5.36	5.36	
Section 6.3, central (excl. LC)	28.20	35.50	35.50	+7.30
Section 6.4, market cap confirmed	9.26	9.92	9.92	+0.66
Section 6.4, central	9.30	9.90	9.90	+0.60
Grand total, central estimate		78.40	78.40	+12.80
Directly incremental		56.20	56.20	+8.70

Note: all figures in USD billion. Sections I, II and III are banking, financial sector, and capital markets respectively.

6.6 Concluding Assessment

The aggregate counted financial loss attributable to the period, measured from the June 2024 baseline to February 2026, integrating confirmed data from 592 published sources

and cross-validated against Bangladesh Bank supervisory data, BBS national accounts, IMF programme documentation, and World Bank country assessments, stands at USD 39.9 billion on a central estimate basis, within a range of USD 31.9 to 42.1 billion.[613] [614] [615] [616] A further body of channel indicators, liability accumulation, and excluded items, approximately USD 42 billion of memo lines, is reported for transparency but not counted, and the economy-wide GDP aggregate appears only as context in Chapter 5.

The banking sector, at USD 28.2 billion or roughly 71 per cent of the counted total, remains the dominant source of loss, concentrated in the NPL escalation that brought Bangladesh to the top of Asia's bad loan rankings.[617] The use of peak September 2025 data, before the policy-driven rescheduling exercise,[618] is methodologically significant: 300 simultaneous rescheduling applications[619] confirm that the December 2025 improvement is accounting rather than economic. A disclosure-adjusted floor of USD 17.5 billion is reported alongside the central USD 25.5 billion, reflecting the BDT 4.33 lakh crore of previously concealed impairment that surfaced in the first months of the period. The capital market contributes USD 9.3 billion on the scope-consistent measure and the financial sector USD 2.45 billion of counted governance losses.

The governance-attributable losses, USD 5.15 billion in total across the counted items—the concealed impairment of the five favoured banks, an in-scope forbearance loss whose underlying exposures are inherited S Alam-era lending, the deposit funding premium, the Strong Bank Scheme asymmetry, the realised Nagad suppression, and the direct reputational costs—represent a qualitatively distinct category of financial damage: losses caused not by external shocks or long-standing structural weakness but by the deliberate exercise of regulatory authority for asymmetric and politically

[613] Bangladesh Bank, *QFSAR, June 2024*, Dhaka: Bangladesh Bank, 2024.

[614] *Jagonews24, "Default loans reach Tk 6.44 lakh crore," 2025*.

[615] *The Business Standard,* "lowest since Covid," 28 May 2025.

[616] *The Business Standard,* "GDP growth," 2025.

[617] *The Daily Star*, "bad loan charts," 5 September 2025.

[618] The Daily Star, "Bad loans fall by Tk 87,298cr in three months," February 2026.

[619] *The Daily Star*, "300 companies," 8 December 2025.

motivated purposes. The governance failure at Bangladesh Bank,[620] [621] [622] the conflict of interest in the Nagad audit, the asymmetric forbearance, and the suppression of digital financial inclusion constitute, in the language of financial regulation, a case of regulatory capture with measurable and material financial consequences. It is the same mechanism documented across other institutions in Chapter 4.

Against nominal GDP of approximately USD 460 billion in FY2025,[623] the counted central estimate of USD 39.9 billion represents approximately 9 per cent of annual economic output—a systemic impairment that will constrain fiscal space, investment capacity, and the development trajectory for years beyond the review period. The IMF and World Bank estimated banking sector recapitalisation requirements alone at USD 18 to 35 billion[624] [625] and 10 per cent of GDP respectively, consistent with the stress scenario of USD 85 billion or more reported here and never added to the counted total. These figures underscore the central finding: the period imposed on Bangladesh a financial burden proportionate to a severe systemic banking crisis, compounded by regulatory governance failures that added material costs beyond the underlying structural impairment.

[620] *BusinessWorld India,* "Governor," 10 June 2025.

[621] *The Daily Star*, "Shock ouster," February 2026.

[622] *The Daily Star, "Govt appoints new BB governor after ousting Ahsan Mansur amid turmoil," February 2026*.

[623] *The Business Standard,* "lowest since Covid," 28 May 2025.

[624] *The Daily Star*, "Banking fix," 27 July 2025.

[625] Prothom Alo, "World Bank recommends 10 steps to mitigate bank sector risks," April 2025.

CHAPTER 7

Private Investment and Business Infrastructure

7.1 Introduction

Between August 2024 and February 2026, the interim administration presided over a structural collapse of both private and public investment. This chapter quantifies that collapse across four dimensions: private capital formation, FDI, domestic credit conditions, and the deterioration of the business environment.

The consolidated estimate ranges from USD 11.5 billion to USD 18.5 billion. It is conservative, excludes long-term compounding effects, and rests on triangulated documentary evidence. Private gross fixed capital formation (GFCF) fell from 24.5 per cent of GDP in FY2022 to 22.0 per cent in FY2025, the lowest ratio recorded in 11 years and the fourth consecutive annual decline.[626] [627] [628]

FDI collapsed to USD 1.27 billion in calendar year 2024, the lowest in five years, declining further to an annualised USD 1.69 billion in FY2025—just 0.28 per cent of GDP against a South Asian regional average of 1.6 per cent.[629] [630] Private sector credit growth decelerated to 5.8 per cent, a 15-year low, as monetary tightening without disinflation and a 35.73 per cent NPL ratio simultaneously suppressed both the supply of and the demand for investment credit.[631] [632]

On the business environment, the Dhaka Chamber of Commerce and Industry reported extortion rising by up to 50 per cent relative to the preceding period.[633] A police probe

[626] BBS, *Accounts estimates FY2024-25*, 2026.

[627] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[628] *Prothom Alo* (English), "GDP growth," March 2026.

[629] *The Business Standard,* "FDI drops to $1.27B in 2024, lowest in five years," April 2025.

[630] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[631] Bangladesh Bank *Financial stability report,* 2026.

[632] The Business Standard, "Private credit growth dips to record low at 6%," 1 March 2026.

[633] The Daily Star, "Extortion rose up to 50% during interim govt: DCCI," February 2026.

found BDT 2.21 crore, approximately USD 184,000, extorted daily from 53 Dhaka transport terminals alone.[634] Human Rights Watch and the Bangladesh Hindu Buddhist Christian Unity Council documented over 2,010 attacks on minority-owned commercial properties.[635] [636] The Chattogram Port strike, the cancellation of the DP World container terminal concession, the revocation of India's transhipment facility, and Payra Port's incapacitation through suspended dredging together imposed hundreds of millions of dollars of additional logistics costs on exporters.[637] [638]

The gas crisis, with daily demand-supply shortfalls reaching 46 per cent by February 2026, forced the closure of five of the country's six major urea fertiliser plants and reduced half of all textile mills to partial capacity.[639] [640] [641]

Under the duplication rule of Section 2.8, this chapter is the counting home for the investment, business environment, and logistics losses it quantifies. Chapter 5 cross-references several of them without double counting.

[634] The Daily Star, "Will transport extortion ever end?" Editorial, 11 March 2025.

[635] Human Rights Watch, *World report 2026: Bangladesh*, 2026.

[636] IANS, report on the MEA figure of about 3,100 incidents, 15 March 2026.

[637] The Peninsula (AFP), "Strike shuts down Bangladesh's biggest port," 29 June 2025.

[638] Tribune India, "In rebuke to Yunus' landlocked rhetoric, India ends trans-shipment facility for B'desh," April 2025.

[639] *Bangladesh Pratidin* (English), "Gas crisis deepens," January 2026.

[640] *Asian News Network*, "Gas shortage halts production at 2 fertiliser plants in Bangladesh's Chattogram," 2026.

[641] Apparel Resources, *Around 140 factories shut, 134,000 jobs lost amid energy shortages and labour unrest in Bangladesh, 2024*.

Table 7.1 Headline loss estimates (USD billion)

Loss category	Type	Low	High	Key sources
Private capital formation shortfall against pre-2024 trend	I	3.5	5.0	[642] [643] [644] [645]
FDI collapse against 0.6% GDP trend (18 months)	I	1.4	2.0	[646] [647] [648]
ADP non-execution, public capital investment foregone (11.5% against 81%)	II	3.0	5.0	[649]
Private credit contraction, impact on investment (5.8% against 12.8% trend)	I	1.0	2.0	[650] [651]
Capital machinery imports decline (19 to 25% year on year)	II	0.8	1.2	[652] [653]
Extortion burden: transport, business, contracting (50% rise)	II/III	0.3	0.5	[654] [655] [656]

[642] BBS, *Accounts estimates FY2024-25*, 2026.

[643] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[644] *Prothom Alo* (English), "GDP growth," March 2026.

[645] The Business Standard, "GDP growth for FY25 slips to 3.49% as investment and demand weaken," 26 February 2026.

[646] *The Business Standard,* "FDI drops," April 2025.

[647] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[648] BIDA, *Investment registration statistics FY2024-25*, Dhaka, 2026.

[649] BBS, *Accounts estimates FY2024-25*, 2026.

[650] Bangladesh Bank, *Financial stability report December 2025*, 2026.

[651] *The Business Standard,* "Private credit growth," 2026.

[652] Bangladesh Bank, *Financial stability report December 2025*, 2026.

[653] *The Business Standard,* "Private credit growth," 2026.

[654] *The Daily Star*, "Extortion rose 50%," February 2026.

[655] Transparency International Bangladesh, "State Reform Faces Persistent Challenges Despite Progress: TIB Reviews One Year After Authoritarian Regime Fall," 7 August 2025.

[656] The Daily Star, "Will transport extortion ever end?" Editorial, 11 March 2025.

Business property destruction: arson, mob violence, minority business attacks	II	0.18	0.32	[657] [658] [659]
Supply chain and logistics (Chattogram strike, DP World, India transhipment)	II	0.5	0.8	[660] [661] [662]
Gas crisis, industrial production loss (textile, fertiliser)	II	0.8	1.2	[663] [664] [665]
Investment registration collapse (43%), foregone project pipeline	I	0.5	0.8	[666] [667]
Total		**11.58**	**18.52**	

Notes: Type I is opportunity loss against the pre-2024 trend; Type II is absolute output or activity loss; Type III is cost-differential loss. Excludes the long-term compounding effects of institutional capacity destruction on the future investment climate.

7.2 Background

7.2.1 The Pre-2024 Investment Baseline

Between 2009 and 2024, Bangladesh's investment record established the baseline against which the period's deterioration must be measured. Private GFCF averaged 24 to 25 per cent of GDP and gross capital formation 28 to 32 per cent.[668] [669] FDI inflows reached USD

[657] *The Business Standard*, "Mob violence," February 2026.

[658] Human Rights Watch, *World report 2026: Bangladesh*, 2026.

[659] IANS, report on the MEA figure of about 3,100 incidents, 15 March 2026.

[660] *The Peninsula (AFP), "Strike shuts down Bangladesh's biggest port," 29 June 2025.*

[661] *Tribune India, "In rebuke to Yunus' landlocked rhetoric, India ends trans-shipment facility for B'desh," April 2025*.

[662] The Daily Star, "New logistics policy positions Bangladesh as a 2050 trade hub," 2025.

[663] *Bangladesh Pratidin* (English), "Gas crisis deepens," January 2026.

[664] *Asian News Network*, "Gas shortage halts production at 2 fertiliser plants," 2026.

[665] Apparel Resources, *140 factories shut, 2024*.

[666] BIDA, *Registration*, Dhaka, 2026.

[667] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[668] BBS, *Accounts estimates FY2024-25*, 2026.

[669] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

3.44 billion in FY2022.[670] Private sector credit growth averaged 12.8 per cent annually between 2019 and 2023.[671] The ADP was executed at 80 to 95 per cent every year from FY2015 to FY2024.[672] FDI stock reached USD 18.3 billion by the end of 2024, concentrated in RMGs, banking, power, and telecommunications.[673] This baseline is imperfect but consistent, and it is the counterfactual applied throughout the chapter.

7.2.2 Post-August Transition and the Political Economy

After Dr Yunus assumed office, international observers cautiously welcomed the transition, anticipating a technocratic caretaker government with a reform mandate. Subsequently, equity markets experienced brief gains. What followed diverged sharply from those expectations. Within weeks, the administration dismissed qualified officials from key institutions, including Bangladesh Bank, the NBR, the BIDA, and the Planning Commission. They were replaced by appointees whose primary credential was opposition to the previous government rather than demonstrable professional competence in the relevant regulatory domain, and many lacked prior experience at the level of responsibility they assumed.[674] A senior mid-level official of a multinational bank, for instance, was appointed to head BIDA.

The economic consequences were structural and self-reinforcing rather than transitional. Bangladesh's economic position at the transition carried significant pre-existing difficulties: accumulated financial sector stress, global inflationary pressure, and a growth rate that had fallen from 8.15 per cent in FY2019 to 4.22 per cent in FY2024.[675] But the investment fundamentals remained intact. Private investment, although declining from its FY2022 peak, was anchored by a large young labour force, an established export manufacturing base, and a consistent record that continued to attract reinvested earnings from long-standing foreign investors. However, the

[670] *The Business Standard,* "FDI drops," April 2025.

[671] Bangladesh Bank, *Financial stability report December 2025*, 2026.

[672] BBS, *Accounts estimates FY2024-25*, 2026.

[673] *The Business Standard,* "FDI drops," April 2025.

[674] BBS, *Accounts estimates FY2024-25*, Ministry of Planning, Government of Bangladesh, Dhaka, 2026.

[675] ibid.

administration did not stabilise these fundamentals; instead, it eroded them through the policy failures documented below.

7.2.3 Scope and Evidence Base

This chapter analyses investment and business infrastructure performance across six clusters: private capital formation; FDI flows and composition; domestic credit and financial conditions; public investment execution; the business environment, covering extortion, property security, and mob violence; and supply chain, ports, and logistics. The chapter follows the three-type loss framework established in Section 2.5.

The evidence base draws on official statistics from BBS,[676] Bangladesh Bank,[677] and BIDA;[678] on international assessments from the World Bank,[679] the Asian Development Bank,[680] and the US State Department's investment climate statement;[681] on institutional analyses from TIB,[682] the Dhaka Chamber of Commerce and Industry,[683] and IEEFA;[684] and on investigative reporting from *The Daily Star*, *The Business Standard*, *Dhaka Tribune*, *Prothom Alo*, and *The Financial Express BD*.

7.3 Private Capital Formation

7.3.1 Four Years of Decline

Private gross fixed capital formation declined in each of the four fiscal years from FY2022 to FY2025, falling from 24.5 per cent of GDP to 22.03 per cent. The final BBS estimate for

[676] ibid.

[677] Bangladesh Bank, *Financial stability report December 2025*, 2026.

[678] BIDA, *Registration,* Dhaka, 2026.

[679] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[680] Asian Development Bank, Technical assistance: Logistics Sector Development for Increased Economic Competitiveness (TA 59189-001), August 2025.

[681] US Department of State, *2025 Bangladesh investment climate statement*, September 2025.

[682] *Transparency International Bangladesh, "State Reform Faces Persistent Challenges Despite Progress: TIB Reviews One Year After Authoritarian Regime Fall," 7 August 2025.*

[683] *The Daily Star*, "Extortion rose," February 2026.

[684] IEEFA, *Bangladesh's power sector: Structural reforms required*, 2025.

FY2025 confirmed the fourth consecutive annual reduction, the lowest level in 11 years.[685] [686] [687] *The Business Standard* reported that private investment had dropped to 22.03 per cent of GDP in FY2025, and that the fall in the overall investment-to-GDP ratio to 28.54 per cent was driven predominantly by the private sector.[688]

At a nominal GDP of approximately BDT 55 trillion, equivalent to USD 458 billion at BDT 120 per dollar, the decline of 2.47 percentage points from the FY2022 peak represents an annual investment shortfall of approximately USD 11.3 billion against that peak. Measured against the more conservative FY2024 base of 23.96 per cent, the FY2025 shortfall of 1.93 percentage points implies foregone private investment of approximately USD 8.8 billion in FY2025 alone.[689] [690] [691]

Table 7.2 Private gross fixed capital formation as a percentage of GDP, FY2019 to FY2025

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
24.2%	23.9%	24.3%	24.5%	24.18%	23.96%	22.03%

Sources: BBS;[692] World Bank;[693] Metropolitan Chamber of Commerce and Industry, Dhaka;[694] Trading Economics.[695]

[685] BBS, *Accounts estimates FY2024-25*, 2026.

[686] IANS, "Private investment in Bangladesh falls to 11-year low amid weak business climate," citing The Daily Star, 7 March 2026.

[687] *Prothom Alo* (English), "GDP growth," March 2026.

[688] The Business Standard, "GDP growth for FY25 slips to 3.49% as investment and demand weaken," 26 February 2026.

[689] BBS, *Accounts estimates FY2024-25*, 2026.

[690] *Prothom Alo* (English), "GDP growth," March 2026.

[691] *The Business Standard, "GDP growth for FY25 slips to 3.49% as investment and demand weaken," 26 February 2026.*

[692] BBS, *Accounts estimates FY2024-25*, 2026.

[693] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[694] MCCI Dhaka, Bangladesh economy FY2023-24, October 2024.

[695] *Trading Economics*, "Bangladesh private investment, % of GDP," 2025.

7.3.2 Investment and Growth

The relationship between investment and growth is direct and well established. The World Bank's standard elasticity for Bangladesh places each 1 percentage point growth shortfall at approximately 1 million foregone job-years.[696] GDP growth fell to 3.49 per cent in FY2025, the lowest non-COVID figure in over two decades,[697] [698] a shortfall of 3 percentage points from the pre-2024 trend of approximately 6.5 per cent.

The two collapses are not independent. The withdrawal of investment both reflects and exacerbates the deterioration in growth. Analysis by *Prothom Alo*, drawing on revised BBS data, confirmed that private investment fell to 22.03 per cent of GDP in FY2025 while growth fell to 3.49 per cent, with investment and savings weakening together.[699] HSBC's March 2026 projection revised the FY2026 growth forecast to only 5 per cent, well below the 7 per cent trajectory anticipated before the transition,[700] indicating that the investment damage will persist beyond the scope period. The HSBC projection is a post-scope publication cited for its FY2026 reference period.

7.3.3 Attribution: Inherited Trend and Aggravation

The decline in private investment did not begin in August 2024. The FY2023 ratio of 24.18 per cent was already below FY2022, and FY2024's 23.96 per cent continued that trend.[701] [702] The structural contributors—bureaucratic obstacles, financial sector stress, and global economic pressure—predate the transition and are documented in the CPD's annual reviews. Applying the attribution rule of Section 2.9, the inherited trend is

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[696] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[697] BBS, *Accounts estimates FY2024-25*, 2026.

[698] *The Business Standard, "GDP growth for FY25 slips to 3.49% as investment and demand weaken," 26 February 2026*.

[699] *Prothom Alo* (English), "GDP growth," March 2026.

[700] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[701] MCCI Dhaka, *Bangladesh economy FY2023-24*, October 2024.

[702] *Trading Economics*, "Private investment," 2025.

separated from the increment, and three lines of evidence establish that the period aggravated the decline beyond its structural path.

The first is the magnitude of change. The FY2025 decline of 1.93 percentage points in a single year contrasts with average annual declines of 0.27 percentage points across FY2023 and FY2024,[703] [704] a sevenfold acceleration. The second is the timing of proxy indicators: credit growth, capital machinery imports, and investment registrations all declined sharply in the months immediately following August 2024,[705] [706] a pattern consistent with a confidence shock rather than structural continuation. The third is the forward projection: HSBC expects recovery only to 5 per cent rather than to the pre-transition trajectory,[707] indicating lasting damage rather than temporary disruption.

7.4 Foreign Direct Investment

7.4.1 The Collapse in Inflows

The second half of 2024 shows a marked decline in FDI. The political disorder of July and August 2024, which escalated into mob violence, significantly undermined investor confidence. Bangladesh Bank data reported by *TBS* show net FDI inflows in 2024 falling to USD 1.27 billion, a year-on-year decline of 15 per cent from USD 1.46 billion and the lowest level since 2020. The second half of 2024, the period's first six months, contributed only USD 594.73 million.[708]

In FY2025, FDI represented just 0.28 per cent of GDP, against Bangladesh's own ratio of 0.6 per cent in FY2022 and well below the South Asian regional average of 1.6 per cent, Vietnam's 4.1 per cent, Cambodia's 8.9 per cent, and India's 1.5 per cent.[709] This relative

[703] BBS, *Accounts estimates FY2024-25*, 2026.

[704] *Prothom Alo* (English), "GDP growth," March 2026.

[705] *The Business Standard,* "Private credit growth," 2026.

[706] Bangladesh Bank, *Financial stability report December 2025*, 2026.

[707] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[708] *The Business Standard,* "FDI drops," April 2025.

[709] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

underperformance is not attributable to a regional FDI drought. It reflects Bangladesh-specific factors, of which governance instability and business environment deterioration are the most proximate.

Table 7.3 Net FDI inflows, semi-annual (USD million)

Period	Equity capital	Reinvested earnings	Intra-company loans	Total	Change	Context
Jul–Dec 2021	831.62	828.37	103.68	1,763.67	+12.9%	Pre-transition
Jan–Jun 2022	515.32	1,216.42	−55.78	1,675.96	+37.2%	Pre-transition
Jul–Dec 2022	507.31	1,298.55	−1.87	1,803.99	+20.2%	Ukraine war impact
Jan–Jun 2023	288.63	1,071.99	85.07	1,445.69	−5.5%	Pre-transition
Jul–Dec 2023	417.20	1,137.67	3.84	1,558.71	−13.7%	Election uncertainty
Jan–Jun 2024	335.03	223.31	154.10	712.44	−54.2%	Pre-uprising
Jul–Dec 2024	209.60	398.65	−13.52	594.73	−16.5%	Interim, first 6 months
Jan–Jun 2025	345.17	359.46	386.88	1,091.51	+83.5%*	Interim, partial recovery

** The H1 2025 recovery was driven largely by intra-company loans and reinvested earnings rather than new equity commitments. Sources: Bangladesh Bank;*[710] *BIDA.*[711]

7.4.2 Composition of the Stock and the Flow

By the end of 2024, FDI stock stood at approximately USD 18.3 billion. The UK held the largest share at 17.4 per cent, or USD 3.18 billion, followed by Singapore at 11.4 per cent, or USD 2.08 billion, and South Korea at 9.0 per cent, or USD 1.65 billion.[712] By sector,

[710] *The Business Standard,* "FDI drops," April 2025.

[711] BIDA, *Registration,* Dhaka, 2026.

[712] *The Business Standard,* "FDI drops," April 2025.

textiles and wearing apparel accounted for 20 to 25 per cent of the stock, banking and insurance for approximately 16 per cent, and power for around 14.5 per cent.

The composition of the flow is more informative than its level. During the period, reinvested earnings significantly outpaced new equity commitments, and intra-company loans increased by 147 per cent while equity capital rose only modestly. The pattern is generally read as multinational corporations circumventing elevated domestic borrowing costs rather than committing to long-term expansion: the loans were liquidity support, not new capacity or employment. Established investors, facing difficulty in withdrawing, reinvest locally; prospective new investors withhold fresh capital. BIDA data showing a 43 per cent decline in new investment registrations[713] corroborate this deterioration in the forward pipeline.

7.4.3 Confidence Indicators

Beyond headline flows, several forward-looking indicators confirm the depth of the loss of investor confidence. The special economic zones (SEZs) recorded no new investor registrations in FY2025, a first in Bangladesh Economic Zones Authority's (BEZA) operational history.[714] H&M announced a temporary pause on new Bangladesh supplier commitments in November 2024,[715] signalling that the world's second-largest retail buyer of Bangladeshi garments was reconsidering its supply chain exposure at precisely the moment the competitive position was most vulnerable. The World Bank's Business Ready 2025 assessment confirmed deterioration across multiple business environment dimensions.[716] The Asian Development Bank's technical assistance programme for logistics sector development, approved in August 2025, acknowledged persistent inefficiencies and high costs in investment facilitation.[717] *Dhaka Tribune* documented

[713] BIDA, *Registration,* Dhaka, 2026.

[714] BBS, *Accounts estimates FY2024-25*, 2026.

[715] *Textile Today, "353 garment factories," 2025*.

[716] World Bank, *Business ready (B-READY) 2025 country report: Bangladesh*, 2025.

[717] Asian Development Bank, *Technical assistance*, August 2025.

that Bangladesh Bank's exchange rate indecisiveness generated speculation in the market, directly increasing hedging costs for foreign investors.[718]

7.4.4 Estimated FDI Opportunity Loss

Against the pre-2024 trend of 0.5 to 0.6 per cent of GDP, the FY2025 outturn of 0.28 per cent implies an annual shortfall of 0.22 to 0.32 percentage points of GDP. At a nominal GDP of approximately USD 458 billion, this corresponds to an annual shortfall of USD 1.0 to 1.5 billion. Over the 18-month period, the cumulative Type I opportunity loss is estimated at USD 1.4 to 2.0 billion. The estimate is conservative, excluding long-term relationship damage and sourcing diversification effects.

7.5 Domestic Investment: Credit, Capital, and Public Execution

7.5.1 Private Sector Credit at a Fifteen-Year Low

Private sector credit growth decelerated from the 2019 to 2023 average of 12.8 per cent annually to 5.8 per cent in FY2025, the lowest rate in 15 years.[719] [720] Three mechanisms operated simultaneously.

The first was monetary. Bangladesh Bank raised the policy rate to 10 per cent,[721] the highest in the country's modern monetary policy history, imposing contractionary conditions on an economy where inflation was driven primarily by supply-side factors—energy and food costs—rather than excess demand. The outcome matched the policy trap that orthodox macroeconomic theory predicts: credit fell without a corresponding fall in inflation. The second was balance-sheet driven. The banking system's NPL ratio reached 35.73 per cent of total loans, against India's 3.4 per cent and Vietnam's 4.2 per cent,[722] compelling banks to limit new lending in order to meet existing obligations. The third was demand-side: business confidence deteriorated across sectors, and firms that had postponed or abandoned investment plans reduced their demand for loans.

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[718] Dhaka Tribune, "Remittance and exports boost inflow, but challenges persist," 30 December 2024.

[719] Bangladesh Bank, *Financial stability report December 2025*, 2026.

[720] *The Business Standard,* "Private credit growth," 2026.

[721] Bangladesh Bank, *Financial stability report December 2025*, 2026.

[722] ibid.

The resulting credit shortage was not evenly distributed. Disbursements to the cottage, micro, small, and medium enterprise sector declined disproportionately,[723] since these firms lack the collateral and negotiating power that insulate larger corporations from tightening conditions. Because the sector constitutes approximately 25 per cent of GDP, accounts for 80 per cent of industrial employment, and forms the backbone of many backward-linkage supply chains within the garment industry, its credit contraction carries substantial macroeconomic consequences.[724]

7.5.2 Capital Machinery Imports

Imports of capital goods, principally production machinery, declined by approximately 19 to 25 per cent year on year during FY2024-25.[725] The decline was most pronounced in the months immediately following the August 2024 transition, a timing that points to a confidence shock rather than a pre-existing structural compression in imports.

The gas supply crisis compounded the effect. Apparel Resources reported that the crisis had compelled nearly 50 per cent of textile mills to operate at reduced capacity,[726] creating a further disincentive to invest in machinery: firms are reluctant to install new production capacity while existing capacity stands underutilised for want of energy. The combined effect of credit constraints, declining confidence, and energy uncertainty produces a capital machinery import shortfall estimated at USD 800 million to USD 1.2 billion against the pre-2024 trend.

7.5.3 The Collapse in Public Investment Execution

The ADP, the primary vehicle for public investment in schools, hospitals, roads, bridges, and irrigation, was executed at 11.5 per cent of its full-year allocation in FY2025.[727] This is the lowest execution rate in Bangladesh's recorded history, and a figure so far below the historical norm of 81 to 95 per cent that it constitutes a structural rupture rather than a cyclical shortfall.

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[723] *The Daily Star*, "Private investment," April 2026.

[724] US Department of State, *2025 Bangladesh investment*, September 2025.

[725] Bangladesh Bank, *Financial stability report December 2025*, 2026.

[726] Apparel Resources, *140 factories shut, 2024*.

[727] BBS, *Accounts estimates FY2024-25*, 2026.

Table 7.4 ADP execution rate, FY2019 to FY2025

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
95%	80%	88%	93%	85%	81%	11.5%

Source: BBS.[728] The FY2025 figure represents a 69.5 percentage point decline from the prior year.

The FY2025 allocation was approximately BDT 2.65 trillion.[729] At the historical average execution rate of 85 per cent, public investment in roads, bridges, schools, hospitals, and climate-resilient facilities would have reached BDT 2.25 trillion, or USD 18.75 billion. At 11.5 per cent, expenditure was limited to BDT 304.75 billion, or USD 2.54 billion, leaving a shortfall of BDT 1.95 trillion, or USD 16.2 billion, in a single fiscal year. The conservatively estimated Type II opportunity cost of the foregone capital formation, excluding undrawn commitments that merely accumulated, is USD 3.0 to 5.0 billion.

The cause was institutional. Replacing staff in project implementation units and technical directorates across key ministries destroyed institutional knowledge and severed contractor relationships, removing the momentum that project execution requires. JICA-funded megaprojects with a combined value of BDT 1.94 trillion faced mounting disputes and delays as experienced counterpart officials were removed.[730] A separate strand involved the LGED, where investigative reporting documented BDT 2,574 crore drawn from project accounts before the underlying construction was completed—a systematic diversion of the public investment budget that the ACC subsequently investigated at more than 30 locations.[731] That diversion is counted in Chapter 5 and is not counted again here.

7.6 Business Infrastructure

7.6.1 Extortion

Extortion of businesses by politically affiliated groups is documented in Bangladesh across successive administrations. What changed after August 2024 was not the

[728] ibid.

[729] ibid.

[730] ibid.

[731] ibid.

existence of the practice but its magnitude, the identity of the groups involved, and the absence of law enforcement response. The political vacuum created by dismantling prior enforcement networks without establishing rule-of-law institutions in their place allowed extortion networks to proliferate rapidly. Furthermore, as previously noted in this report, the weakened and demoralised police force struggled to recover from the brutal attacks they had endured in July and August of 2024. The Yunus Administration's supporters and close to the government's higher ups including student organisations and right-wing political groups, such as Jamaat-E-Islami, continued to undermine the police force, framing them as collaborators with the previous government. This narrative further restricted their operational independence and left them as passive observers in an increasingly deteriorating law-and-order situation.

In early 2026, the Dhaka Chamber of Commerce and Industry surveyed its members and found extortion up by as much as 50 per cent against the previous period.[732] The Chamber warned explicitly that businesses might have to close factories and leave if the illegal demands persisted. TIB reported that corruption and extortion remained unchanged or had worsened, despite the administration's declared anti-corruption commitment.[733] Groups affiliated with the Bangladesh Nationalist Party were implicated in 91.7 per cent of documented violent incidents after August 2024.[734]

The most precise quantification comes from a Dhaka Metropolitan Police probe reported in April 2026: approximately BDT 2.21 crore, or USD 184,000, was extorted daily from 53 transport terminals in Dhaka city alone, with control having shifted from one set of politically linked operators to another after 5 August 2024.[735] *Prothom Alo* documented daily tolls at individual terminals reaching BDT 1 million.[736] *Dhaka Tribune*'s Savar investigation confirmed party leaders committing extortion and seizing control of

[732] *The Daily Star*, "Extortion rose," February 2026.

[733] *Transparency International Bangladesh, "State Reform Faces Persistent Challenges Despite Progress: TIB Reviews One Year After Authoritarian Regime Fall," 7 August 2025.*

[734] *The Business Standard,* "917 post-5 August violence linked to BNP; 207 AL: TIB," 2026.

[735] The Daily Star, "Will transport extortion ever end?" Editorial, 11 March 2025.

[736] Prothom Alo (English), "Extortion in transport sector changes hands from AL to BNP," 22 August 2024.

businesses and land within weeks of the transition.[737] The probe was reported after the scope close but covers conduct within the scope period.

The analytical significance is that extortion functions as a direct tax on private sector profitability. A 50 per cent increase in the burden raises the effective cost of doing business, reduces the return on investment, and increases the risk premium on capital deployment. For margin-sensitive manufacturing, particularly in garments and light manufacturing, the additional cost contributed directly to the factory closure dynamics documented in Chapter 5.

7.6.2 Property Destruction and Judicial Seizure

A distinct dimension of the deterioration concerns the seizure or destruction of productive assets through mob violence, arson, and politically motivated judicial action. Human Rights Watch documented arson targeting factories owned by Beximco Group, Ha-Meem Group, and Bengal Group in the immediate aftermath of August 2024.[738] Several showrooms of Yellow, a Beximco subsidiary, were destroyed by fire in Dhaka; a textile mill in Gazipur was obliterated; and the Jabir International Hotel in Jessore was vandalised, looted, and set ablaze, killing 24 people.[739]

The Bangladesh Hindu Buddhist Christian Unity Council documented more than 2,010 attacks on Hindu or minority-owned commercial properties across 45 districts between August 2024 and February 2026.[740] Indian government data citing human rights organisations placed the total number of minority violence incidents above 3,100 in the same period.[741] The Human Rights Support Society's 17-month report documented 637 deaths from mob violence across 1,047 incidents,[742] and ASK recorded 197 killed in mob violence in 2025 alone.[743] The EUAA Country Focus report assessed the security situation

[737] *Dhaka Tribune*, "Extortion in Savar: AL out, BNP in," August 2024.

[738] Human Rights Watch, *World report 2026: Bangladesh*, 2026.

[739] ibid.

[740] ibid.

[741] IANS, report on the MEA figure of about 3,100 incidents, 15 March 2026.

[742] *The Business Standard,* "Mob violence" February 2026.

[743] *The Business Standard,* "197 killed," December 2025.

as meeting the threshold criteria for asylum country-of-origin designation,[744] a reputational signal with direct consequences for foreign investment.

The collapse of Beximco, which employed 40,000 workers, was precipitated by the politically motivated arrest of its owner,[745] which disrupted management continuity and impaired access to order flows and working capital. Five thousand Beximco employees subsequently faced criminal charges for protesting their job losses.[746] The courts also froze assets valued at BDT 57,257 crore associated with the former ruling family and ten prominent business groups.[747] Whatever the merits of individual cases, the cumulative signal to private sector participants was that commercially inconvenient activity may attract arbitrary judicial intervention—a deterrent effect on investment that extends across the economy.

7.6.3 Supply Chain, Ports, and the Logistics Premium

Bangladesh's supply chain infrastructure faced several simultaneous disruptions. Domestically, transport terminals were taken over by politically affiliated groups, raising operating costs and imposing arbitrary tolls on the movement of goods. The BDT 2.21 crore extracted daily from Dhaka terminals alone constitutes a logistics tax borne directly by exporters and manufacturers dependent on road transport.[748]

India revoked the five-year bilateral transhipment facility in April 2025[749] following public statements by the administration regarding India's northeast. The facility had generated route cost savings of 15 to 20 per cent. Exports destined for Southeast Asia and the Middle East were affected most, with an estimated annual revenue loss of USD 80 to

[744] European Union Agency for Asylum (EUAA), *Bangladesh: Country focus—Security situation and public violence*, August 2025.

[745] BBS, *Accounts estimates FY2024-25*, 2026.

[746] ibid.

[747] ibid.

[748] The Daily Star, "Will transport extortion ever end?" Editorial, 11 March 2025.

[749] *Tribune India, "In rebuke to Yunus' landlocked rhetoric, India ends trans-shipment facility for B'desh," April 2025*.

120 million.[750] The *Deccan Herald* reported that Bangladesh also withdrew from a planned port infrastructure agreement under related geopolitical pressure.

Chattogram Port, which handles approximately 90 per cent of Bangladesh's international trade, experienced a work stoppage in June 2025 that disrupted national trade logistics; the *Economic Times* reported that the strike effectively shut down the country's largest port.[751] The administration then annulled the 25-year concession agreement with DP World for the Chittagong New Container Terminal, which handles approximately 40 per cent of international trade, prompting further strikes and a 38 per cent decline in export deliveries.[752] Three land ports were closed, and Payra Port was rendered inoperable for large vessels after maintenance dredging was suspended, with silt forcing vessels to divert to Chattogram[753]—reversing the BDT 6,500 crore of capital dredging investment made under the previous government.

7.6.4 The Gas Crisis and Industrial Production

The gas supply crisis disrupted industrial production, capital investment decisions, and supply chain reliability throughout the period. Domestic gas production declined from approximately 2,423 million cubic feet per day (mmcfd) in FY2020 to approximately 1,700 to 1,900 mmcfd by August 2025,[754] driven by ageing field depletion and the absence of new exploration investment since 2012. Daily demand across all sectors was estimated at 3,800 to 4,200 mmcfd,[755] while total supply, domestic and imported, covered approximately 2,800 to 3,000 mmcfd under normal conditions, leaving a daily shortfall of 1,200 to 1,400 mmcfd. By February 2026, the shortfall had deepened sharply: supply reached only 2,250 mmcfd against demand of 4,200 mmcfd, a gap of 46.4 per cent.[756]

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[750] ibid.

[751] *The Peninsula (AFP), "Strike shuts down Bangladesh's biggest port," 29 June 2025.*

[752] BBS, *Accounts estimates FY2024-25*, 2026.

[753] ibid.

[754] *Bangladesh Pratidin* (English), "Gas crisis deepens," January 2026.

[755] ibid.

[756] ibid.

Four identifiable policy failures contributed. Gas was diverted to power plants to stabilise electricity supply, reducing availability for industrial users.[757] The Maheshkhali LNG terminal was shut down for maintenance between November 2024 and February 2025 without adequate import substitution, producing a national shortfall.[758] More than 1,000 industrial gas connection applications remained pending despite completed paperwork and advance deposits from over 400 applicants,[759] a Petrobangla backlog reflecting the operational paralysis caused by personnel replacement. In addition, pipeline leaks at the Turag and Buriganga river crossings were addressed only after prolonged delay, producing near-zero gas pressure across large parts of Dhaka.[760]

The industrial impact was substantial. The closures were in effect by the February 2026 scope close; as reported in March 2026, five of the country's six major urea fertiliser plants had closed simultaneously—Ghorashal Polash, Chittagong Urea, Jamuna, Ashuganj, and Karnaphuli Fertilizer Company—leaving only Shahjalal Fertiliser operating, at partial capacity. During the first eight months of FY2025-26, fertiliser production reached only 450,000 tonnes against a target of 1,000,000 tonnes, a shortfall of 45 per cent.[761] In textiles and apparel, approximately 50 per cent of the country's 1,800 mills operated at reduced capacity, with BKMEA reporting that 19 per cent of mills were running at 40 to 50 per cent capacity with daily power cuts of seven to nine hours.[762] Apparel Resources estimated that 140 factories closed and 134,000 jobs were lost to the combination of energy shortages and labour unrest.[763]

[757] *The Daily Star*, "Gas crisis hits households, industries," 2025.

[758] *Dhaka Tribune*, "Gas crisis, LNG supply and demand analysis," 2025.

[759] *Bangladesh Pratidin* (English), "Gas crisis deepens," January 2026.

[760] *The Daily Star*, "Gas crisis," 2025.

[761] *Asian News Network*, "Gas shortage," 2026.

[762] Apparel Resources, "140 factories shut," 2024.

[763] ibid.

7.7 Consolidated Loss Estimation

7.7.1 Framework and Confidence Bounds

Every loss category in Table 7.5 rests on at least two independent corroborating sources, consistent with the triangulation requirement of Section 2.4. Three categories of real but unquantifiable loss are excluded: the long-term compounding effects on the investment climate beyond the period analysed; informal sector losses, which affect approximately 85 per cent of employment but generate no data trail; and the productivity losses arising from 18 months of deferred capital machinery investment, whose extent will become clear only from FY2027. Including these would push the estimate materially above the upper bound of USD 18.5 billion.

Three report-wide conventions apply. Under the duplication rule of Section 2.8, this chapter is the counting home for the items it quantifies: FDI and investment shortfalls, the ADP execution collapse, extortion, business property destruction, supply chain and logistics disruption, and the gas crisis-related loss of industrial production. Chapter 5 discusses several of these but counts none of them. Second, the Type I items are channel losses, consistent with the bottom-up convention of Section 2.7; the economy-wide GDP aggregate appears only in context in Chapter 5, and the private credit contraction item here measures the investment channel, while Chapter 6 reports the underlying credit gap as a memo indicator. Third, long-term compounding effects are excluded, and forward liabilities are reported once, in Sections 5.7.3 and 4.8.

Table 7.5 Consolidated loss estimation (USD billion)

Loss category	Type	Low	High	Key evidence
A. Investment flows				
Private GFCF shortfall (22.03% against 24.5% trend)	I	3.5	5.0	[764] [765] [766] [767]
FDI shortfall (0.28% against 0.6% of GDP, 18 months)	I	1.4	2.0	[768] [769] [770]
Investment registration decline (43%), foregone projects	I	0.5	0.8	[771] [772]
B. Credit and financial conditions				
Private credit contraction (5.8% against 12.8% trend)	I	1.0	2.0	[773] [774]
Capital machinery import decline (19 to 25% year on year)	II	0.8	1.2	[775] [776]
C. Public investment execution				
ADP execution collapse (11.5% against 81% historical, FY2025)	II	3.0	5.0	[777]
D. Business environment and security				

[764] BBS, *Accounts estimates FY2024-25*, 2026.

[765] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[766] *Prothom Alo* (English), "GDP growth," March 2026.

[767] *The Business Standard, "GDP growth for FY25 slips to 3.49% as investment and demand weaken," 26 February 2026.*

[768] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[769] *The Business Standard,* "FDI drops," April 2025.

[770] BIDA, *Registration,* Dhaka, 2026.

[771] ibid.

[772] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[773] Bangladesh Bank, *Financial stability report December 2025*, 2026.

[774] *The Business Standard,* "Private credit growth," 2026.

[775] Bangladesh Bank, *Financial stability report December 2025*, 2026.

[776] *The Business Standard*, "Private credit growth," 2026.

[777] BBS, *Accounts estimates FY2024-25*, 2026.

Extortion burden: transport, contracting (50% rise)	II/III	0.3	0.5	[778] [779] [780]
Business property destruction (arson, mob violence, 2,010+ minority business attacks)	II	0.18	0.32	[781] [782] [783]
E. Supply chain and logistics				
Chattogram Port strike, DP World cancellation, three land port closures	II	0.5	0.8	[784] [785] [786]
Gas crisis, industrial production loss (50% of mills at reduced capacity; 5 urea plants closed)	II	0.8	1.2	[787] [788] [789]
India transhipment revocation, annual logistics premium (USD 80 to 120m p.a.)	II	0.12	0.18	[790]
Total (conservative estimate)		**11.58**	**18.52**	

Notes: Excludes long-term damage to FDI relationships, buyer diversification losses, informal sector unregistered losses, and the compounding multi-year effects of institutional capacity destruction. All estimates are conservative and triangulate from at least two independent sources.

7.7.2 Distributional Implications

The estimate of USD 11.5 to 18.5 billion implies a per capita investment and business infrastructure cost of USD 68 to 109, equivalent to 3 to 4 per cent of per capita GDP at

[778] *The Daily Star*, "Extortion rose," February 2026.

[779] Transparency International Bangladesh, "State Reform Faces Persistent Challenges Despite Progress: TIB Reviews One Year After Authoritarian Regime Fall," 7 August 2025.

[780] The Daily Star, "Will transport extortion ever end?" Editorial, 11 March 2025.

[781] *The Business Standard,* "Mob violence," February 2026.

[782] Human Rights Watch, *World report 2026: Bangladesh*, 2026.

[783] IANS, report on the MEA figure of about 3,100 incidents, 15 March 2026.

[784] *The Peninsula (AFP), "Strike shuts down Bangladesh's biggest port," 29 June 2025.*

[785] *Tribune India, "In rebuke to Yunus' landlocked rhetoric, India ends trans-shipment facility for B'desh," April 2025*.

[786] The Daily Star, "New logistics policy positions Bangladesh as a 2050 trade hub," 2025.

[787] *Bangladesh Pratidin* (English), "Gas crisis deepens," January 2026.

[788] *Asian News Network,* "Gas shortage," 2026.

[789] Apparel Resources, "140 factories shut," 2024.

[790] *Tribune India, "In rebuke to Yunus' landlocked rhetoric, India ends trans-shipment facility for B'desh," April 2025*.

FY2025 market exchange rates.[791] The distribution is sharply skewed. The losses fall disproportionately on the bottom three income quintiles: factory workers who lost jobs when plants closed for want of energy, transport operators facing higher extortion costs, market traders subjected to mob violence and property seizure, and rural labourers whose construction income disappeared when ADP execution collapsed. These are households with limited capacity to absorb income shocks and no financial cushion to bridge the gap.

7.8 Comparative Analysis

Table 7.6 compares 11 investment and business environment indicators between the 2015 to 2024 record and the interim period.

Table 7.6 Comparative indicators, 2015–2024 against August 2024–February 2026

Indicator	2015 to 2024	Interim period	Direction	Source
Private GFCF (% GDP)	24.5% peak (FY2022)	22.03%, 11-year low	Decline	[792] [793]
Gross GFCF (% GDP)	~32% (FY2022)	28.54% (FY2025)	−3.46pp	[794]
FDI (% GDP)	0.5 to 0.8%, improving	0.28%, lowest since 2006	Collapse	[795] [796]
Annual FDI (USD bn)	3.25 to 3.44 (FY2022–23)	1.27 to 1.69, five-year low	−54%	[797]

[791] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[792] BBS, *Accounts estimates FY2024-25*, 2026.

[793] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[794] *The Business Standard, "GDP growth for FY25 slips to 3.49% as investment and demand weaken," 26 February 2026*.

[795] World Bank, *World Development Indicators: Bangladesh*, World Bank Group, Washington DC, 2025. https://data.worldbank.org

[796] *The Business Standard,* "FDI drops," April 2025.

[797] ibid.

Private credit growth (%)	Avg. 12.8% (2019 to 2023)	5.8%, 15-year low	–7pp	[798] [799]
ADP execution (%)	81 to 95% (2015 to 2024)	11.5%, all-time low	Catastrophic	[800]
New investment registrations	Growing; BEZA active; SEZ expanding	43% decline; zero new SEZ registrations	Collapse	[801] [802]
Business extortion	Known problem; periodic crackdowns	Up 50%; BDT 2.21 crore/day from 53 Dhaka terminals	Worsened	[803] [804]
Mob and communal violence	Declining trend	2,442 incidents; 637 deaths; EUAA threshold met	Severe	[805] [806]
Port governance	Functioning; DP World in place; Payra operational	DP World cancelled; Payra silted; India transhipment revoked; strikes	Collapse	[807] [808]
Industrial gas supply	Constrained but managed	46.4% shortfall (Feb 2026); 5 urea plants closed; 50% of mills reduced	Crisis	[809] [810]

The pattern across these indicators is consistent. Every measurable dimension of investment and business infrastructure performance deteriorated. In several cases—ADP execution falling from 81 per cent to 11.5 per cent, FDI from USD 3.44 billion to USD 1.27 billion, new SEZ registrations from ongoing to zero, and Chattogram port

[798] Bangladesh Bank, *Financial stability report December 2025*, 2026.

[799] *The Business Standard,* "Private credit growth," 2026.

[800] BBS, *Accounts estimates FY2024-25*, 2026.

[801] BIDA, *Registration,* Dhaka, 2026.

[802] BBS, *Accounts estimates FY2024-25*, 2026.

[803] *The Daily Star*, "Extortion rose," February 2026.

[804] The Daily Star, "Will transport extortion ever end?" Editorial, 11 March 2025.

[805] *The Business Standard,* "Mob violence," February 2026.

[806] EUAA, *Bangladesh: Country focus*, August 2025.

[807] *The Peninsula (AFP), "Strike shuts down Bangladesh's biggest port," 29 June 2025.*

[808] *Tribune India, "In rebuke to Yunus' landlocked rhetoric, India ends trans-shipment facility for B'desh," April 2025*.

[809] *Bangladesh Pratidin* (English), "Gas crisis deepens," January 2026.

[810] *Asian News Network*, "Gas shortage," 2026.

governance from functioning to crisis—the deterioration is of a scale and velocity that cannot be attributed to global trends or external shocks alone. These outcomes follow from identifiable governance choices: to remove technically competent regulators, to destabilise investment facilitation agencies, to antagonise bilateral economic partners, and to allow the business security environment to deteriorate without credible law enforcement response.

7.9 Policy Implications

7.9.1 Immediate Priorities (0 to 90 days)

Four priorities are analytically non-negotiable for a successor government.

The institutional reconstruction of investment agencies is urgent. BIDA, BEZA, and Bangladesh Bank's Foreign Exchange Department require the reinstatement of technically qualified professional staff, together with a public commitment to policy predictability in FDI regulation, remittance repatriation, and profit transfer rules. The 43 per cent decline in new investment registrations[811] represents a pipeline of foregone capital formation that will compound if not addressed immediately.

ADP execution machinery must be rebuilt within 90 days. Project implementation units across major spending ministries require restaffing with technically qualified officials, and ministerial-level monitoring must be reinstated.[812] The FY2026 ADP budget cannot be meaningfully executed by a system whose institutional capacity has been dismantled.

Business security—specifically, extortion and property rights enforcement—requires immediate legislative and police prioritisation. A 50 per cent rise in extortion,[813] combined with the finding that corruption remained unchanged despite the transition's stated mandate,[814] confirms that administrative change alone, without credible criminal enforcement, is insufficient.

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[811] BIDA, *Registration,* Dhaka, 2026.

[812] BBS, *Accounts estimates FY2024-25*, 2026.

[813] *The Daily Star*, "Extortion rose," February 2026.

[814] *Transparency International Bangladesh, "State Reform Faces Persistent Challenges Despite Progress: TIB Reviews One Year After Authoritarian Regime Fall," 7 August 2025.*

The India transhipment relationship requires diplomatic restoration as an immediate economic priority.[815] The annual logistics cost premium from its revocation falls directly on exporters and, ultimately, on workers in export sectors.

7.9.2 Medium-Term Structural Reforms (90 days to 2 years)

The banking sector's 35.73 per cent NPL crisis[816] requires a time-bound resolution programme with international technical assistance, ideally through an asset management company modelled on the Korea Asset Management Corporation or Malaysian Danaharta precedents. A state bank recapitalisation programme, combined with independent NPL resolution and reinforced BERC independence in the energy sector,[817] would restore lending capacity and ease the credit supply constraint on private investment.

The gas supply crisis requires a multi-year investment programme in upstream exploration, additional floating storage and regasification capacity, and long-term LNG supply contracts with multiple counterparties.[818] The current dependence on a single terminal at Maheshkhali created the systemic vulnerability the period exposed. Resolving it requires capital commitments of approximately USD 2 to 3 billion over the medium term, achievable given the reserve position and access to multilateral financing.

7.9.3 The Investment Case

Despite the severity of the deterioration documented here, Bangladesh's structural investment case remains intact. A young labour force with a median age of 27, a growing middle class, a strategic geographic position, established garment and pharmaceutical export platforms, and 99 per cent rural electrification are durable competitive advantages that administrative disruption has damaged but not destroyed.

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[815] *Tribune India, "In rebuke to Yunus' landlocked rhetoric, India ends trans-shipment facility for B'desh," April 2025*.

[816] Bangladesh Bank, *Financial stability report December 2025*, 2026.

[817] IEEFA, *Bangladesh's Power Sector*, 2025.

[818] *Bangladesh Pratidin* (English), "Gas crisis deepens," January 2026.

The Business Standard framed the coming challenge in March 2026 as a graduation paradox: the private sector needs a new playbook.[819] Graduation from Least Developed Country (LDC) status will reduce preferential tariff access to key export markets, requiring a shift from labour cost competitiveness to productivity- and innovation-led competitiveness. That transition demands sustained private investment in technology, skills, and productive capacity—precisely the investment the scope period suppressed. Reversing the suppression is necessary but not sufficient: the new playbook must also address the structural constraints that limited investment efficiency before August 2024.

[819] *The Business Standard,* "Graduation paradox: Why Bangladesh's private sector needs a new playbook," 2026.

CHAPTER 8

Other Losses

8.1 Introduction

This chapter addresses categories of economic, social, and institutional loss that fall outside the analytical scope of previous estimations either because they are harder to quantify with available data, occur at the intersection of multiple sectors, or relate specifically to the personal and organisational benefits extracted by Muhammad Yunus and affiliated entities during the administration's tenure. Section 8.2 loss categories not captured in the four preceding substantive chapters (Chapters 4 to 7); Section 8.3 documented benefits accruing to Dr Muhammad Yunus and Grameen-affiliated organisations; and Section 8.4 social financial costs including educational disruption, gender-based violence (GBV), mental health burden, and reputational and diplomatic losses.

Wherever possible, monetary estimates are provided with appropriate confidence intervals and sourcing. The report-wide conventions apply throughout: estimates are bottom-up, counted once at their analytical home, with overlaps reported as memo items; forward-looking values are separated from in-period losses; and the scope period is August 2024 to February 2026. Section 8.5 consolidates the counted estimate.

8.2 Other Potential Loss Categories

8.2.1 Education Sector Losses

The Yunus administration's handling of the student protest groups (e.g., Students Against Discrimination, which morphed into the NCP) that allegedly brought it to power produced severe and measurable disruption to Bangladesh's tertiary education system. University campuses across the country experienced waves of political violence, institutional politicisation, and mass expulsions throughout 2024 to 2025. Dhaka University alone reported the suspension or expulsion of over 10,000 students between August 2024 and March 2026 as successive rounds of counter-protest, factional violence,

and administrative purges reshaped campus governance.[820] [821] At the Bangladesh University of Engineering and Technology (BUET), Rajshahi University, Jahangirnagar University, and several other leading institutions, hundreds of faculty members, many of them senior academics with irreplaceable institutional knowledge, were suspended, compulsorily retired, or forced into resignation following politically motivated complaints.[822]

The economic costs of tertiary education disruption operate through several channels. First, foregone human capital investment: approximately 3.5 to 4.5 million university students experienced a cumulative loss of 6 to 18 months of effective instruction, translating to a human capital stock loss conservatively valued at USD 0.8 to 1.4 billion using standard Mincer equation approaches calibrated to Bangladesh's wage structure. Second, loss of tuition fee revenue and associated economic activity in university towns: the higher education sector contributes approximately 0.8 per cent of GDP through direct and multiplier effects; a 20 to 30 per cent effective output reduction during the disruption period implies a Type II output loss of USD 300 to 450 million. Third, brain drain acceleration: data from the Bangladesh BMET show a 34 per cent increase in applications for higher education visas to Australia, Canada, and the UK in 2025 relative to 2023,[823] indicating a structural acceleration of human capital outflow that will compound future productive capacity losses beyond the measurement period. The per student costs of the expulsion wave are examined in Section 8.4.2; because the expelled students are part of the student population already covered by the human capital estimate above, the Section 8.4.2 figures are reported as detail within this item, not added to it.

At the secondary level, the National Curriculum and Textbook Board reported that Higher Secondary Certificate (HSC) examinations were disrupted at over 3,200 examination centres in August 2024, with hundreds of thousands of students compelled

[820] UGC, Bangladesh, Annual Report and Campus Security Incident Data 2024 to 2025 (Dhaka: UGC, 2026).

[821] *The Daily Star,* "DU expels over 10,000 students amid political violence," March 2026.

[822] ASK, "University campus violence and expulsions: A human rights assessment," 2025.

[823] BMET, *Overseas higher education visa application statistics 2023 to 2025*, 2026.

to re-sit examinations under compressed timelines.[824] The economic cost of this cohort disruption, affecting approximately 1.4 million HSC candidates, is estimated at USD 200 to 350 million in foregone income from delayed workforce entry and productivity losses. Total education sector loss estimate: USD 1.3 to 2.2 billion (Type I/II, 18-month horizon).

8.2.2 Tourism Sector Losses

Bangladesh's nascent tourism industry, concentrated in the Sundarbans UNESCO site, Cox's Bazar (the world's longest sea beach), Sylhet's tea gardens, and archaeological heritage sites, experienced a severe contraction in 2024 to 2025. Tourist arrivals fell by an estimated 45 to 55 per cent relative to 2023 levels, according to Bangladesh Tourism Board data, as international travel advisories, issued by India, the US, the UK, Australia, and the European Union, characterised Bangladesh as high risk for travel following the political transition violence.[825] Cox's Bazar hotel occupancy rates dropped from 67 per cent in 2023 to 31 per cent in 2025.[826] The direct revenue loss to the tourism sector is estimated at USD 280 to 420 million. Indirect losses through aviation, hospitality supply chains, and handicraft exports add a further USD 150 to 230 million. Total tourism loss: USD 430 to 650 million (Type I/II).

8.2.3 Rohingya Crisis and Humanitarian Aid Losses

Bangladesh hosts approximately 1.2 million Rohingya refugees in Cox's Bazar, the largest refugee settlement in the world, whose support requires approximately USD 880 million per year in international humanitarian funding.[827] The Yunus administration's diplomatic deterioration, including the inflammatory "landlocked" comment regarding India,[828] alignment controversies with major donor countries, and visa complications for humanitarian workers, contributed to a 22 per cent reduction in committed donor

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[824] Bangladesh Education Board, *HSC examination disruption report, August 2024*, Dhaka: Ministry of Education, 2024.

[825] Bangladesh Tourism Board, *Annual tourist arrival statistics 2024 to 2025*, 2026.

[826] *The Daily Star,* "Cox's Bazar hotel occupancy crashes as travel advisories deter visitors," February 2026.

[827] UNHCR, *Bangladesh: Rohingya refugee response, funding situation 2023 to 2025* (Geneva: UNHCR, 2025).

[828] *Tribune India, "India terminates trans-shipment facility for Bangladesh to export goods to third countries," April 2025.*

funding for Bangladesh's Rohingya response in 2025 relative to 2023.[829] This funding shortfall of approximately USD 193 million created a secondary humanitarian crisis within the camps, with malnutrition rates rising and education services collapsing.[830] Total Rohingya-related loss attributable to governance failure: USD 270 to 315 million.

8.2.4 Other Telecom Sector Losses

Chapter 6 captures losses from the suppression of Nagad's digital financial services. Additional telecom sector losses not captured include (i) the effective freeze on 5G spectrum auctions, meaning Bangladesh remained the only South Asian economy without an active 5G service deployment by March 2026, with an estimated foregone investment of USD 600 million to 1.0 billion in network infrastructure; (ii) the BTRC's institutional paralysis under politically directed leadership, which delayed 37 regulatory approvals for mobile value-added services, with a conservatively estimated revenue impact of USD 120 to 180 million; and (iii) a 67 per cent rise in financial cyberattacks in 2025, with documented losses of BDT 2,800 crore (approximately USD 240 million).[831] Of these, the delayed value-added service approvals and the documented cyberattack losses, approximately USD 0.36 to 0.42 billion, are counted in this chapter. The foregone 5G network investment of USD 0.6 to 1.0 billion is an investment deterrence effect that overlaps the investment losses quantified in Chapter 7 and is reported as a memo item; the 5G status is stated as at the February 2026 scope close, with the March 2026 reporting date falling just after it.

8.2.5 Remittance Diversion Through Informal Channels

Bangladesh Bank data show formal remittance receipts of USD 27.5 billion in calendar 2024, while informal channel estimates by the PRI and CPD suggest that actual total remittances, formal and informal combined, were USD 32 to 35 billion.[832] The USD 5 to 7 billion diverted through informal channels generates (i) a fiscal loss estimated at USD 180 to 250 million, (ii) a FX reserve loss of USD 4.5 to 6.5 billion in foregone usable

[829] UNHCR, *Rohingya refugee* (Geneva: UNHCR, 2025).

[830] WFP, *Bangladesh Rohingya response, situation report*, December 2025.

[831] BFIU, *Cybercrime and financial cyberattack report 2025* (Dhaka: BFIU, 2026).

[832] PRI and Centre for Policy Dialogue, "Remittance channels and informal flows: A Bangladesh assessment," 2025.

reserves, and (iii) a financial deepening cost estimated at USD 200 to 400 million in long-term economic value. Under the report conventions, the fiscal loss and the financial deepening cost, approximately USD 0.38 to 0.65 billion, are counted in this chapter, which is the report home for informal channel and capital flight material. The FX reserve effect of USD 4.5 to 6.5 billion is a flow diversion rather than destroyed value and is reported as an indicator, consistent with the treatment of the Swiss deposit surge documented in Section 4.6.

8.2.6 Environmental and Regulatory Losses

Additional environmental losses not captured include (i) the cancellation of 17 renewable energy projects following the NRC review - while the cancellations addressed genuine corruption, the termination without replacement created a supply gap estimated at approximately 3,287 MW of planned capacity;[833] (ii) Karnaphuli River pollution remediation costs estimated at USD 80 to 150 million; and (iii) uncollected industrial pollution penalties estimated at USD 40 to 80 million. Total environmental regulatory loss: USD 350 to 500 million. The committed investor capital lost in the renewable cancellations (approximately USD 300 million) is counted in Chapter 7; the supply gap cost estimated here is a distinct object and does not double-count it.

8.3 Benefits Extracted for Dr Yunus and Grameen Affiliated Organisations

8.3.1 Analytical Framework

Chapter 4 documents the Grameen nexus in detail. This subsection provides a consolidated financial quantification of the value transferred from the public domain to Muhammad Yunus-affiliated organisations and private beneficiaries during the administration's tenure. The transfers take four forms: direct regulatory exemptions with quantifiable tax revenue impact; licensing and concession decisions that confer market advantages; procurement decisions that redirect public contracts to affiliated entities; and the suppression of regulatory oversight that allows affiliated entities to operate under preferential conditions. The analysis draws on official gazette notifications, parliamentary submissions, and investigative reporting from *The Daily*

[833] TIB, study of six renewable power projects, reported in The Business Standard, 2025.

Star, The Business Standard, *New Age Bangladesh,* and *Kaler Kantho*. All estimates are conservative; where multiple estimates exist, the lower bound is used. Under the report conventions, this subsection provides the reference valuation of the Grameen nexus. The in-period portion, approximately USD 0.1 billion (the scope period share of the tax waiver and the equity control transfer), is counted once, in Chapter 4; the multiyear remainder belongs to the forward liabilities register in Chapter 3, Table 3.2. The consolidated figure below is therefore a reference and distributional measure, not an addition to the counted loss total.

8.3.2 5G Spectrum and Grameen Phone

Bangladesh's 5G spectrum auction was repeatedly deferred during the Yunus administration period. During this deferral, Grameenphone (GP), in which Grameen Telecom (a Yunus affiliated entity) holds a 34.2 per cent stake, lobbied the BTRC for spectrum reservation and reduced auction reserve prices.[834] The BTRC's draft 5G spectrum auction framework, published in October 2025, set reserve prices for the 3.5 GHz band at rates 40 to 55 per cent below the regional average charged in India, Vietnam, and Pakistan.[835] [836] Had market rate reserves been maintained, the spectrum auction would have generated an estimated USD 800 million to 1.1 billion in government revenue; the reduced reserve floor implies a prospective public revenue loss of USD 320 to 600 million, of which GP's market share weighted benefit is approximately USD 109 to 205 million.[837]

8.3.3 Grameen Bank: Tax Waiver Reinstatement

The Grameen Bank (Amendment) Ordinance 2024 reinstated a five-year corporate income tax waiver for Grameen Bank that had expired under the preceding government.[838] At Grameen Bank's annual net income of approximately BDT 800 to 1,200 crore and a corporate tax rate of 37.5 per cent, the tax waiver confers an annual fiscal

[834] The Daily Star, "BTRC prepares for next spectrum auction by Jan," 12 October 2025.

[835] ibid.

[836] GSMA, "Mobile economy South Asia 2025" (London: GSMA, 2025).

[837] ibid.

[838] Grameen Bank (Amendment) Ordinance, 2025, Bangladesh Gazette.

benefit of BDT 300 to 450 crore (USD 25 to 38 million). Over five years, this represents a public revenue transfer of USD 125 to 190 million to a private institution.[839] [840]

8.3.4 Grameen University Approval

The National University (Amendment) Ordinance 2024 created a regulatory pathway for Grameen University to receive accreditation outside the standard University Grants Commission (UGC) review process.[841] Grameen University's projected annual tuition revenue is estimated at BDT 180 to 240 crore (USD 15 to 20 million) per year. The economic value of the regulatory fast track to Grameen University is estimated at USD 40 to 70 million over a ten-year institutional horizon.

8.3.5 Grameen Telecom Digital Wallet Licence

Bangladesh Bank issued a digital financial services (mobile wallet) licence to Grameen Telecom Trust's nominee entity during the same period that it suppressed Nagad's operations.[842] The market entry value of the new digital wallet licence in the 185 million account market, where transaction volumes exceed BDT 14 trillion (approximately USD 120 billion) annually, is estimated conservatively at USD 80 to 150 million in discounted future income.[843] [844]

8.3.6 Grameen Employment: Manpower Export Licence

Grameen Employment Services Limited was granted a manpower export licence by BMET under expedited processing in January 2025.[845] The market distortion cost, connected parties enjoying a competitive advantage over standard compliance operators, is estimated at USD 30 to 60 million over the licensing period.

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[839] ibid.

[840] *The Daily Star,* "Grameen," 2024.

[841] Prothom Alo, "New university 'Grameen University' approved," 18 March 2025.

[842] The Business Standard, "Grameen Telecom entity gets digital wallet licence from BB," 2025.

[843] ibid.

[844] *BusinessWorld India*, "*Governor,"* June 2025.

[845] *Kalbela*, "Grameen employment receives manpower export licence," 2025.

8.3.7 Legal Case Dismissals and Asset Protection

The Supreme Court's dismissal of six criminal cases against Dr Yunus in 2024, including labour law violation charges and financial irregularity complaints, prevented potential asset recovery. Had the cases proceeded to civil remedy, the potential restitution value is estimated at BDT 220 to 300 crore (USD 19 to 25 million).[846]

8.3.8 Consolidated Grameen Nexus Value Transfer

The consolidated estimate of quantifiable value transferred from the public domain to Yunus-affiliated organisations during the administration's tenure is presented in Table 8.1. These figures are conservative, forward-looking, use five-year horizons, and exclude all overlap with previous estimates. Two qualifications apply. The 5G spectrum reserve price item is contingent: the auction had not been held by the scope close, so the foregone revenue had not yet crystallised. In addition, the Starlink item is the beneficiary side of the licence terms whose state revenue loss is recorded in Chapter 3, Table 3.2; the two are the same transfer viewed from opposite sides and are never counted twice.

Table 8.1 Consolidated Grameen nexus value transfers

Benefit Category	Estimated Value (USD million)	Confidence
5G spectrum reserve price reduction* (Grameen/GP share)	109 to 205	Moderate
Grameen Bank 5-year tax waiver	125 to 190	High
Grameen University regulatory fast track (10 yr value)	40 to 70	Moderate
Grameen Telecom digital wallet licence (market entry value)	80 to 150	Moderate
Grameen Employment manpower export competitive advantage	30 to 60	Low to Moderate
Dismissed legal cases (potential restitution foregone)	19 to 25	Moderate

[846] *Jagonews24, "SC dismisses graft case against Yunus," 23 April 2025*.

Starlink licence (Grameen indirect benefit via NGSO framework)	20 to 50	Low
Grameen Capital exemptions and financial sector waivers	15 to 30	Low
Total	438 to 780	

*Notes: * This is not the auction price of the spectrum*

8.4 Social Financial Cost

8.4.1 Conceptual Framework

Social financial costs are economic losses that manifest through social harm channels rather than market transactions. They are real in terms of foregone welfare, reduced productivity, and increased public expenditure, but they are often excluded from national income accounts and sector-specific loss assessments because they lack a direct monetary transaction counterpart. This subsection applies the Type II loss framework to four categories: student expulsions and educational disruption, gender-based violence (GBV) and its economic consequences, mental health burden, and international reputational damage and associated borrowing cost increases.

8.4.2 Student Expulsions: Human Capital and Social Costs

Across public universities, approximately 12,000 to 18,000 students were suspended (over 10,000 suspensions or expulsions at Dhaka University alone), expelled, or compelled to withdraw between August 2024 and March 2026.[847] [848] Each expelled university student represents (i) a minimum of 1.5 to 2.5 years of delayed workforce entry at an estimated lifetime earnings cost of USD 3,000 to 8,000 per student; (ii) a direct public education investment loss of approximately USD 2,000 to 4,000 per student; and (iii) a social opportunity cost from disrupted research output. The aggregate economic cost of student expulsions is estimated at USD 60 to 180 million (Type II, direct) with a long-term human capital tail of USD 150 to 400 million. Additionally, 64 out of 106 public

[847] P. Islam (ed.), "Human rights violations against public university teachers and students" (August 2024-August 2025), 2025.

[848] Generally, S. Gazi, "How the dreams and aspirations of Bangladeshi students have been crushed", *The Diplomat*, 08 June 2026

and private universities reported partial or complete operational shutdowns for periods of 2 to 8 weeks during 2024 to 2025,[849] causing a direct instructional output loss estimated at USD 120 to 200 million. The expulsion window extends one month past the February 2026 scope close, and the counts are retained as indicative. Because the expelled students are within the tertiary population already valued in Section 8.2.1, these figures are detailed within the education item, not additive to it; the long-term human capital tail of USD 150 to 400 million is a forward liability.

8.4.3 Gender-Based Violence and Women's Economic Participation

Ain o Salish Kendra's annual human rights report documented 1,847 cases of rape and sexual assault with 312 victims identified as minors in 2025 alone, a 47 per cent increase over the 2023 baseline.[850] The Bangladesh Hindu Buddhist Christian Unity Council separately documented 892 incidents of sexual violence against minority women in the context of communal attacks.[851] Using WHO's global costing methodology adapted to Bangladesh's per capita GDP, the per-incident economic cost is estimated at USD 4,500 to 9,000 per case. Applied to the 1,847 documented cases, the direct GBV economic cost is estimated at USD 8.3 to 16.6 million for 2025 alone. The broader economic cost of the insecurity suppressed female labour force participation (documented in Chapter 5 as a net loss of 1.6 million female workers), reduced women's entrepreneurship, and increased women's healthcare burden, adds an estimated USD 200 to 350 million in Type I losses not fully captured in the employment section. The direct cost is counted in this chapter. The broader suppressed participation estimate partially overlaps the female labour force contraction already valued in the Chapter 5 employment estimate and is reported as a memo item.

8.4.4 Mental Health: Social and Economic Costs

The WHO estimates that in low- to middle-income countries experiencing acute governance crises, the prevalence of depression and anxiety disorders increases by 25 to

[849] P. Islam (ed.), "Human rights violations against public university teachers and students"

[850] ASK, *Annual human rights report* 2025, (Dhaka: 2026).

[851] Bangladesh Hindu Buddhist Christian Unity Council (BHBCUC), "Report on attacks against minorities: August 2024 to February 2026," (Dhaka: 2026).

40 per cent relative to stable baselines.[852] Bangladesh's pre-crisis mental health treatment gap was already 93 to 96 per cent [853] indicating that additional burden falls almost entirely outside the formal healthcare system and manifests as lost productivity, increased absenteeism, and reduced educational attainment. Applying a conservative 15 per cent increase in population level mental health burden to Bangladesh's labour force of approximately 68 million, and using the ILO's presenteeism adjusted productivity loss estimate of USD 320 per affected worker per year, the annual mental health economic cost is approximately USD 3.3 to 4.8 billion; attributing a conservative 25 per cent to governance failure specifically yields an estimated USD 820 million to 1.2 billion over the 18 month period. Because this is a modelled population level estimate rather than a documented loss, it is reported as a memo item and is not counted in the chapter total.

8.4.5 International Reputational Damage and Borrowing Cost Increases

Bangladesh's compliance with IMF Extended Credit Facility benchmarks deteriorated materially: 9 of 17 structural benchmarks were classified as missed or delayed by December 2025,[854] triggering disbursement delays totalling USD 1.8 billion in withheld tranches and a risk classification upgrade to "elevated vulnerability" [855] [856]. In sovereign bond markets, Bangladesh's credit risk premium rose by approximately 80 to 120 basis points [857]. On Bangladesh's USD 6.3 billion stock of publicly placed external debt, a 100-basis point spread increase represents approximately USD 95 to 140 million in additional debt service cost over the 18-month period. India's April 2025 revocation of the transhipment facility also triggered suspension of Indian export credit guarantees for Bangladesh bound goods, adding approximately USD 120 to 180 million per year in trade

[852] WHO, *Mental health in humanitarian emergencies: economic burden assessment,* WHO Technical Report, 2023.

[853] WHO, *Mental health atlas 2023, Bangladesh country profile* (Geneva: WHO, 2024).

[854] IMF, *Bangladesh: Third review under the extended credit facility arrangement*, IMF Country Report, Dec. 2025.

[855] ibid.

[856] The Business Standard, "What does IMF ceiling on borrowing mean for Bangladesh?," 30 September 2025.

[857] JP Morgan, "Emerging market sovereign spread monitor, South Asia," January 2026.

finance costs.[858] Visa restrictions imposed by India and the US on Bangladeshi nationals reduced overseas remittance inflows by an estimated USD 180 to 280 million. The combined reputational and diplomatic loss, alongside others, is conservatively estimated at USD 1.1 to 1.8 billion over the 18-month period. Two accounting cautions apply: the withheld IMF tranches are a timing effect on disbursements, not a destroyed value, and are reported as an indicator; and the sovereign spread cost is already counted within the governance and reputational item of Chapter 6, so it appears here only as a cross-reference.

8.5 Consolidated Loss Estimation: Other Losses

The table below consolidates the findings of this chapter under the report-wide conventions. Seven items are counted, for a chapter total of USD 3.1 to 4.8 billion: education (with the expulsion figures as internal detail), tourism, the Rohingya funding gap (which subsumes the health funding row ceded by Chapter 5), the delayed telecom approvals and cyberattack losses, remittance diversion, environmental and regulatory losses, and the direct cost of GBV. Everything else is a memo item: the Grameen reference valuation (counted at its in-period portion in Chapter 4), the 5G investment deterrence (Chapter 7 overlap), the modelled mental health burden, the reserve composition effect, the IMF tranche timing, the sovereign spread (counted in Chapter 6), and the suppressed female participation estimate (Chapter 5 overlap). The education human capital tail is a forward liability.

Table 8.2 Consolidated loss estimation, other losses (counted, memo and forward items)

Sub-Category	Type	Low	High	Confidence
Education sector disruption (tertiary and secondary; expulsions as internal detail)	I/II	1.30	2.20	Moderate
Tourism sector losses	I/II	0.43	0.65	Moderate
Rohingya humanitarian funding gap (subsumes Chapter 5 health row)	II	0.27	0.32	High

[858] Tribune India, “India terminates trans-shipment facility for Bangladesh to export goods to third countries,” April 2025.

Telecom: delayed VAS approvals and cyberattack losses	II/III	0.36	0.42	Moderate
Remittance diversion (fiscal and financial deepening)	II/III	0.38	0.65	Moderate to High
Environmental and regulatory losses	II/III	0.35	0.50	Low to Moderate
Gender based violence, direct documented cost	II	0.01	0.02	Moderate
Total counted, other losses		**3.10**	**4.76**	**Bottom up; overlaps excluded**
Memo: Grameen value transfers, reference valuation (in period portion counted in Chapter 4; 5G spectrum item contingent)	III	0.44	0.78	Moderate
Memo: 5G network investment foregone (overlaps Chapter 7)	I	0.60	1.00	Low
Memo: mental health burden (modelled, population level)	I/II	0.82	1.20	Low
Memo: reserve composition (4.5 to 6.5); IMF tranche timing (1.8); sovereign spread (Chapter 6); female participation (Chapter 5)				Indicators and cross references
Forward: education human capital tail of the expulsion wave	I	0.15	0.40	Low

Notes: Counted items only enter the chapter total and the report level consolidation. Memo items are reference valuations, modelled estimates, indicators, or losses counted in other chapters; forward items accrue beyond February 2026 and join the forward liabilities reported in Chapter 3, Table 3.2.

For completeness, this register consolidates the loss categories identified across the report as real but not quantifiable with available data, so that none disappears silently from the record. From Chapter 5: the developmental cost of two to three months of effective schooling lost during the August to October 2024 unrest, the income loss of approximately 240,000 minority community members displaced by communal violence, and the compounding multiyear effect of institutional capacity destruction on future growth. From Chapter 6: the second-order welfare costs borne by mobile financial service users during the Nagad suppression. From Chapter 7: unregistered informal sector losses affecting roughly 85 per cent of employment, and the productivity cost of 18 months of deferred capital machinery investment, which will surface from FY2027. From Chapter 4: the long-term deterrence effects of judicial capture on investment and

the chilling of the legal profession. From this chapter: the accelerating brain drain documented in the 34 per cent rise in higher education visa applications. Quantifying these categories would raise the report level totals materially; their omission is a deliberate act of conservatism, not a judgement that they are small.

8.6 Cross-Cutting Remarks

The losses documented in this chapter share a structural feature with those in previous sections: they are not random shocks but are systematically connected to governance choices. The deterioration of law enforcement capacity that enabled GBV is the same deterioration that produced the mob violence and the judicial paralysis documented in Chapter 4. The educational disruption that expelled thousands of students is partly a consequence of the same student movement politicisation that brought the Yunus administration to power. The reputational losses that increased borrowing costs are partly traceable to the diplomatic provocations that also triggered the India transhipment revocation documented in Chapter 5.

Aggregating the counted, bottom up estimates of this White Paper, USD 5.3 to 8.9 billion in Chapter 4, USD 27.7 to 37.9 billion in Chapter 5, USD 31.9 to 42.1 billion in Chapter 6, USD 11.6 to 18.5 billion in Chapter 7, and USD 3.1 to 4.8 billion in this chapter, yields a report level total of approximately USD 80 to 112 billion over the 18-month period, on a nominal GDP base of approximately USD 460 billion, with forward liabilities of a further USD 16 to 30 billion reported separately in Chapter 3, Table 3.2. Each figure is counted once, at its analytical home, with no economy-wide GDP aggregate included. This is, by any measure, one of the most severe governance-induced economic contractions in Bangladesh’s post-independence history, amounting to USD 470 to 660 per citizen.

CHAPTER 9

Connecting the Dots Backwards

9.1 Introduction

As this report closes, several of the country's strategic assets sit under arrangements that no elected parliament authorised: satellite communications licensed to a foreign provider in 34 days; the second-largest mobile financial platform restructured towards private control while its principal competitor was operationally suppressed; container terminals held under concessions running to 30 years; an energy future bound for 15 years to imported LNG and to a reciprocal trade and energy agreement concluded days before the handover; and a banking system carrying a recapitalisation bill deferred, in effect, onto a future that no current budget records. Chapters 4 to 8 establish each of these separately. Read forward from August 2024, they present as a series of unrelated crises. Read backwards from February 2026, they describe a single direction of travel.

Reading the period backwards does not assume that its endpoint was its design. It asks why the path runs so cleanly from a street movement to the reassignment of strategic national infrastructure, and it holds itself to the evidentiary standard set out in Chapter 2: what follows are questions to be answered by bodies that can compel disclosure and accountability, not conclusions drawn by inference. This chapter therefore closes the report not with an accusation but with the questions that the preceding eight chapters make unavoidable.

Three principles govern what follows.

First, the questions are not accusations. Each is framed so that it can be answered by evidence, and each admits an exculpatory answer as readily as a damning one; a defender of the interim administration should be as willing to see them investigated as a critic.

Second, they are ordered by gravity rather than by chapter, from the origins of the crisis and its human cost through to the integrity of the numbers themselves.

Third, the recommendations are addressed mainly to a successor government as tasks of reconstruction; they are questions of accountability.

9.2 The July Question

The report begins by examining the events of July 2024, which set the stage for the downfall of the previous government. This chapter highlights critical issues that merit further investigation. Although the UN's Fact-Finding Report is often presented as a definitive account, it explicitly calls for additional inquiries to uncover a more comprehensive understanding of the situation. A government that was elected, and that by the ordinary measures of macroeconomic and political stability was functioning, was removed through months of escalating unrest, and the report's earlier analysis found reason to describe that unrest as coordinated and funded rather than as a spontaneous rising.[859]

The removal cleared the field, paving the way for a series of decisions—including the transfer of strategic assets—that an elected government would have had to justify to both parliament and the electorate. In contrast, an unelected government faced no such accountability. The age-old principle of investigation, *cui bono*, applies here without hesitation. When a chain of events shifts a nation's digital, port, energy, and financial assets from sovereign democratic control into the hands of foreign and privately connected entities, identifying the beneficiaries is where a genuine inquiry should start.

The report approaches its claims with caution, acknowledging a critical limitation. It cannot conclusively prove that the chaos was deliberately engineered to bring about the resulting outcomes. However, it does establish that those outcomes clearly benefited specific interests, and that the entire process sidestepped democratic principles at every crucial juncture. The implications are too significant to ignore, suggesting that an inquiry is essential rather than bowing to the notion that such events were merely the random whims of history. Demanding a closer look at the motives involved does not imply belief in a conspiracy; rather, it challenges the far more extraordinary assertion that a once-stable elected order was dismantled and its valuable resources redistributed purely by chance—an assertion that surprisingly lacks solid evidence.

The following questions arise:

[859] Analysis of the coordination and funding of the July to August 2024 unrest, as set out in Chapter 1 of this report.

1. What is the documented provenance of the financing and organisational support behind the escalation of the 2024 unrest, and what evidentiary basis exists for attributing material involvement to identified domestic or foreign actors?
2. Which interests, domestic or external, obtained measurable benefit from the change of government, and does the documentary record disclose material or informational support from those interests to the movement that effected it?
3. Does documentary evidence exist that the transfers which followed—the satellite licence, the port concessions, the 15-year gas commitment and the US energy and trade agreement—were negotiated with any counterparty before the transfer of power?
4. By what democratic mandate did an unelected administration alienate strategic national resources to foreign interests, and what mechanism will now test the legal validity of those transfers?
5. On what evidentiary standard could the sequence running from the July crisis to the strategic handovers be distinguished from a series of independent decisions, and which domestic or international body holds jurisdiction to apply that standard?

9.3 The Vaccine Procurement Collapse and the Question of Culpable Death

As this report previously stated, during the interim administration's tenure, vaccine stocks for ten diseases were run down within the scope window and fell to zero at the central warehouse shortly after it, following the abolition of a functional immunisation framework that UNICEF had expressly warned against.[860] [861] Coverage of the third dose of the diphtheria, tetanus, and pertussis vaccine declined from 98.2 per cent in 2023 to an estimated 91.4 per cent in 2025, leaving approximately 900,000 children unimmunised.[862] The field vaccination workforce stood 45 per cent vacant across 37

[860] DGHS and Ministry of Health and Family Welfare, vaccine stock, workforce vacancy and procurement allocation records, 2025 to 2026; as reported in Chapters 4 and 5 of this report.

[861] UNICEF, *Bangladesh humanitarian situation report, 2025 to 2026*; WHO, immunisation coverage estimates for Bangladesh, DTP3 series.

[862] ibid.

districts, and BDT 1,451 crore of allocated procurement funds went undisbursed.[863] The worst measles outbreak in 20 years followed: more than 810 children died (as of July, 2026), alongside a 97 per cent cut in US bilateral health aid, from USD 80 million to USD 2 million.[864] [865] What remains unresolved is culpability, which only an inquiry with compulsory powers can determine. The distinction between administrative failure and culpable conduct turns on foreseeability, and the documentary record of the warnings transmitted before the outbreak is the primary evidence against which that distinction can be tested.

Public commentary has at times reached for the vocabulary of international crime, which requires elements—a protected group and specific intent, or a widespread or systematic policy—that the evidence assembled in this report does not establish. A characterisation that cannot be sustained on its elements impedes rather than advances accountability. The graver discrimination question belongs to the targeted communal violence examined in Section 9. The applicable standard here is gross negligence in the discharge of public office: criminal breach of duty and culpable homicide by negligence on the part of public servants who owed a duty of care.[866] The elements to be tested are duty, breach, foreseeability, and causation: the duty owed by the officials responsible for immunisation policy, the breach constituted by abolishing the framework without a functioning successor arrangement and by leaving appropriated funds undisbursed, the foreseeability established by the warnings on the record, and the causal connection between those omissions and the outbreak that followed. Correct legal characterisation is therefore a precondition of any viable proceeding.

The following questions follow from that distinction and remain unresolved:

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[863] DGHS and Ministry of Health and Family Welfare, vaccine stock, workforce vacancy and procurement allocation records, 2025 to 2026; as reported in Chapters 4 and 5 of this report.

[864] ibid.

[865] *The Guardian*, *BBC*, *AP News* and *The Washington Post*, reporting on the Bangladesh measles outbreak, 2025 to 2026; DGHS measles surveillance data, 2026.

[866] Penal Code of Bangladesh, 1860, provisions on culpable homicide not amounting to murder and on criminal breach of duty by a public servant.

1. On whose authority, and on what recorded justification, was the immunisation framework abolished without a functioning successor arrangement, and against what written advice from the DGHS, UNICEF, and the WHO?
2. Of the BDT 1,451 crore allocated for vaccine procurement in FY2025-26, what is the disbursement record by date, and how were undisbursed balances subsequently treated in the public accounts?
3. What warnings concerning immunisation coverage were transmitted by UNICEF, the WHO, and national disease surveillance to the Office of the Chief Adviser and to the health adviser before the outbreak, on what dates, and what documented response did each receive?
4. Was the 97 per cent reduction in US bilateral health aid offset by any domestic reallocation, and if it was not, at what level of government was the decision not to reallocate taken and on what stated grounds?
5. Do foreseeability, disregarded warnings, and undisbursed appropriations, taken together, satisfy the elements of criminal breach of duty by a public servant under Bangladeshi law, and do they satisfy the elements of culpable homicide by negligence in respect of the deaths that followed?

9.4 The Dual Shock Hypothesis and the Indonesian Comparison

The most consequential political economy question raised by this report is whether the destruction of a defined class of businesses was an incident of general disorder or an instrument of policy. What follows is a hypothesis rather than a finding: that the period delivered two mutually reinforcing shocks to firms associated with the previous ruling party and its supporters. The evidence assembled below is sufficient to require that the proposition be tested and insufficient to establish it.

The first was a liquidity shock: the operational suppression of Nagad, monetary tightening that did not restore price stability, a documented deposit distortion, and the freezing or restructuring of the banking relationships of targeted enterprises.

The second was a balance sheet shock: the near tripling of NPL to 35.73 per cent, and the open question of whether loan reclassification, the selective withdrawal of forbearance, and the appointment of administrator-controlled boards were applied

disproportionately to politically marked firms, even as a 20-year provisioning deferral shielded favoured institutions from the same treatment.[867]

A physical dimension compounded both shocks. Human Rights Watch documented arson against the factories of Beximco, Bengal Group, the burning of Yellow showrooms, the destruction of a Gazipur textile mill, and the looting and burning of the Jabir International Hotel in Jessore, in which 24 people died.[868]

It is the convergence of these strands—violence, selective enforcement, seizure through the banking system and board capture—that motivates a comparative reference, offered here with explicit scope conditions.

The consolidation of Indonesia's New Order after 1965 combined mass violence against a defined political bloc with the transfer of that bloc's economic assets to a favoured network, a mechanism examined at length in the scholarship on oligarchy and politico-business asset capture.[869] [870] [871]

The comparison is a claim about mechanism and not about scale or degree: the Bangladeshi case involves no equivalent of the mass killings of 1965 to 1966, and the reference is invoked only for the sequence in which coercion, selective enforcement and asset reallocation combine. It is offered because it generates testable expectations. The null hypothesis is that incidence was independent of political affiliation, in which case attack, loan reclassification, and acquisition should be distributed without reference to it. The alternative predicts a systematic association, identifiable by comparing affected firms with comparably placed firms lacking such affiliation. Both channels generate administrative records—supervisory and bank files on the one hand, criminal

[867] Bangladesh Bank, *Financial stability report 2025*, and *Economic trends* monthly series, 2024 to February 2026; NPL and provisioning data as analysed in Chapter 6.

[868] Human Rights Watch, documentation of arson and attacks on named business groups and of communal and mob violence in Bangladesh, 2024 to 2025.

[869] R. Robison and V. R. Hadiz, *Reorganising power in Indonesia: The politics of oligarchy in an age of markets* (London: Routledge, 2004).

[870] J. A. Winters, *Oligarchy* (Cambridge: Cambridge University Press, 2011).

[871] R. Cribb, ed., *The Indonesian killings of 1965 to 1966: Studies from Java and Bali* (Clayton: Monash University Centre of Southeast Asian Studies, 1990).

investigation files on the other—which makes the proposition testable in principle by a body able to compel their production.

The report leaves the following questions for in-depth inquiry:

1. Who authorised the board restructuring and receivership of specific conglomerates, on what legal basis, and were the same instruments applied to comparably placed firms that lacked such affiliation?
2. Did any acquirer, lender, or administrator connected to the governing network obtain the distressed assets of targeted firms at below-market terms, and through what process were those assets valued and transferred? The pattern of share transfers on the capital market during 2024 and 2025 is one place in which such a process would be observable.
3. Were the arson and mob attacks documented by Human Rights Watch investigated and prosecuted as ordinary crimes, and if they were not, on whose decision were they left unpursued?
4. Did the 20-year provisioning deferral, and the selective grant or withdrawal of regulatory forbearance, operate to protect favoured institutions while exposing politically marked ones to resolution?

9.5 The Grameen Bank Nexus

Conflict of interest is a structural condition rather than an allegation of dishonesty. On the accepted definition, it arises wherever a public official holds a private-capacity interest capable of improperly influencing the performance of official duty: it is constituted by the position itself, and its existence does not depend on proof that the official acted from an improper motive.[872] The corollary is procedural. Where the condition exists, the recognised remedy is disclosure and recusal, and the burden of demonstrating that a decision was nonetheless taken at arm's length rests with the office that took it. The analytical question in this section is therefore not whether Dr Muhammad Yunus acted corruptly, which no public record can establish either way, but

[872] OECD, *Recommendation on guidelines for managing conflict of interest in the public service*, adopted 28 May 2003; and OECD, *Managing conflict of interest in the public service: OECD guidelines and country experiences* (Paris: OECD Publishing, 2004). See also United Nations Convention against Corruption, Art. 7(4).

whether decisions touching his own institutional network were taken under procedures capable of neutralising a conflict that was, on any account, present. Chapter 4 documents those decisions in detail, and that evidence is not restated here; the pattern is summarised only so far as is necessary to specify what an inquiry would have to establish. Within weeks, that government had

- reduced the state's equity in Grameen Bank from 25 per cent to as little as 5 per cent and surrendered its power to appoint the chairman;
- reinstated the corporate tax waiver;
- awarded a digital financial services licence to a Grameen Telecom entity in the same window in which its principal competitor, Nagad, was suppressed;
- granted a manpower export licence and a university accreditation; and
- issued the Starlink licence in 34 days.[873] [874] [875]

Each of these decisions admits a defence on its own policy merits. Tax relief for a microfinance institution, licensing policy in a financially under-served market, and the accreditation of a new university are all measures a government might defend in the ordinary course, and the report does not contend otherwise. What requires explanation is not any single determination but their clustering: the concentration of favourable outcomes upon one network within a single short window. The inferential claim is accordingly probabilistic and testable, turning on the base rate at which comparable applications from unaffiliated parties were granted, on comparable terms and at comparable speed, across the same period. The consolidated reference value of the transfers, USD 438 to 780 million, is reported in Chapter 8 as a distributional figure rather than as destroyed output, and its significance lies less in the magnitude than in the mechanism it evidences. A legal scholar warned publicly at the time that the approvals raised a conflict of interest which ought to have been weighed before any regulatory

[873] S. Malik, public commentary on the Grameen conflict of interest, 2024, as reported in national media and cited in Chapter 4.

[874] Grameen Bank (Amendment) Ordinance, 2025. Available: http://bdlaws.minlaw.gov.bd/act-1494.html

[875] Reporting on the Starlink licence award and the Nagad board restructuring, 2025, as cited in Chapter 4.

determination was made.[876] That warning, contemporaneous and on the public record, establishes that the conflict was identified before the decisions were completed, which removes inadvertence as an explanation for the absence of any recusal or arm's-length procedure.

The following questions remain unanswered:

1. Did Dr Yunus, as the Chief Adviser, recuse himself, in writing, from every regulatory and legislative decision touching Grameen-affiliated entities, and if he did not, who took each of those decisions?
2. On what valuation and public interest basis was government equity in Grameen Bank reduced from 25 to as little as 5 per cent, and on what basis was the corporate tax waiver reinstated?

   By what process, and against what competing applications, was the digital financial services licence awarded to a Grameen Telecom entity in the same period that Nagad was operationally suppressed?
3. What were the evaluation criteria, the competing bids, and the timelines for the Starlink licence granted in 34 days and for the Nagad restructuring, and who sat on the deciding bodies?

   Over the same window, how many comparable applications from parties unconnected to the governing network were granted, refused, or left undetermined, and how do their terms and processing times compare with those recorded for Grameen-affiliated entities?
4. On what legal basis, if any, could the consolidated benefit accruing to entities connected to Dr Yunus be pursued—the domestic law of abuse of office and conflict of interest, the civil recovery of unjust enrichment, or neither—and what evidentiary findings would each route require?

[876] S. Malik, public commentary, 2024.

9.6 The Missing Money: Capital Flight, Virtual Assets, and the Banks Abroad

Illicit outflows leave documentary traces, and the period generated several such records. The surge in Bangladesh-linked deposits held in Swiss and other offshore banks is reported in this study as an indicator rather than a counted loss, precisely because its beneficial ownership cannot be established from public data, which is itself the reason it belongs in front of an authority that can compel disclosure.[877]

GFI's mirror trade statistics point to sustained mis-invoicing as a channel of value transfer.[878] The BDT 90,000 crore, roughly USD 7.5 to 8 billion, alleged to have been extracted from the capital market in the months after the transition is treated in this report as an unaudited allegation, and an allegation of that magnitude is either substantiated or laid to rest by forensic audit, not by repetition.[879]

Compounding all of this, the absence of any virtual asset licensing framework during the period left a regulatory vacuum through which value could move unobserved, with the travel rule and the relevant international standard unimplemented and the financial intelligence unit's monitoring capacity untested.[880]

The vacuum coexisted with rising participation rather than with abstention. Chapter 4 records Bangladesh at thirteenth in the Chainalysis 2025 Global Crypto Adoption Index and at fourteenth on the TRM Labs measure for the first quarter of 2025, four places above its 2024 position, in a jurisdiction where domestic virtual asset transactions are nominally unlawful. A prohibition under which adoption rises into the global top 15 is not a prohibition but an unsupervised market.

The analytical question is therefore what function the regulator performed in maintaining that state: whether the failure to define virtual assets in law, to conduct a

[877] R. K. Byron, The Daily Star, "Swiss Banks: Bangladeshis' deposits surge 41%," 19 June 2026; SNB, "Banks in Switzerland," annual banking statistics, 2025 edition.

[878] GFI, trade misinvoicing and illicit financial flow estimates for Bangladesh.

[879] Reporting on the alleged BDT 90,000 crore capital market extraction, 2025, treated in this report as an unaudited allegation.

[880] FATF, Recommendation 15 on virtual assets and virtual asset service providers, and the travel rule.

sectoral risk assessment, or to implement the travel rule reflects constraints on capacity or a decision not to acquire visibility over the channel. The framework developed in Chapter 4 supplies a third possibility which the first two do not exclude: where institutions are captured, regulatory discretion is converted into private advantage, and an unsupervised channel is itself a form of advantage. It confers value on those positioned to use it and generates no record by which that value could later be traced or recovered. On this reading, the omission is not only a failure of capacity but a distributional act, and it belongs to the same mechanism the report documents elsewhere—authority exercised for private benefit under conditions in which no account can be demanded.

Evidence bearing on the second possibility emerged after the scope closed. In July 2026, Bangladesh Bank suspended an assistant director over allegations of fraud, online betting, and cryptocurrency transactions, following an attempt by the Detective Branch to arrest him at the central bank's own headquarters, from which he absconded.[881] The matter falls outside the measurement period and is counted nowhere in this report; it is noted because it bears on the supervisory question, indicating that exposure to the unregulated channel reached inside the institution responsible for regulating it.

The report leaves the following questions to the FATF, the Egmont Group, the Bangladesh Financial Intelligence Unit (BFIU), and cooperating foreign authorities:

1. What was the documented change in Bangladesh-linked deposits held in Swiss and other offshore banks across the period, disaggregated by category of beneficial owner?
2. Has the BDT 90,000 crore capital market loss claim been subjected to an independent forensic audit, and if it has not, what has prevented one being conducted?
3. What virtual asset flows moved through or around Bangladeshi intermediaries during the regulatory vacuum, and who were the beneficiaries?

[881] The Financial Express, "Bangladesh Bank suspends official over alleged betting link," 22 July 2026; Bangladesh Bank internal office order of 19 July 2026 under s. 45(5) of the Bangladesh Bank Staff Regulations, 2003. Reported after the February 2026 scope close and excluded from all estimates in this report.

4. Did the financial intelligence unit file, or decline to file, suspicious transaction reports concerning persons connected to the governing network, and on whose instruction were those decisions taken?
5. How is Bangladesh's ascent in the international crypto adoption rankings during 2024 and 2025 to be reconciled with the central bank's standing position that such transactions are prohibited, and what supervisory reporting existed on the volumes settling through mobile financial service agents?
6. Did the regulatory omission itself confer private gain—which officials, intermediaries or connected entities profited from the channel while it remained unsupervised?

9.7 Rule by Ordinance and the Binding of Successors

An interim administration exercises power on a fiduciary basis, which carries a presumption of restraint. The interim administration was governed instead by ordinance. Its most durable act, however, was to bind the governments that would follow it. In its final weeks, it concluded a reciprocal trade and energy agreement with the US, a 15-year commitment to imported LNG, port concessions running to 30 years, and the Starlink licence, several of them signed within days of a handover to elect successors who had no part in negotiating them.[882] The constitutional question is unavoidable: whether an unelected administration possessed the authority to enter multi-decade, fiscally binding international obligations at all, and if it did not, what becomes of the obligations.

A review committee may face these questions in the near future:

1. Did the interim administration possess constitutional authority to conclude international agreements carrying multiyear fiscal and regulatory obligations in the absence of parliamentary ratification?

[882] United States and Bangladesh Reciprocal Trade Agreement, 2026, and related energy and port concession instruments, as cited in Chapters 4 and 5.

2. Should the treaties and concessions signed in the final weeks be treated as voidable or as subject to mandatory renegotiation by the elected successor, and will the counterparties recognise that status?
3. On what authority and on what evidence was the principal opposition proscribed by ordinance?
4. Why were some 20 reform ordinances allowed to lapse, and who benefited from the legal vacuum that followed?

9.8 Judicial Capture, Mob Adjudication, and the Persecution of Lawyers

When courts are captured, every other question in this chapter loses the forum in which it might be answered, which is why the condition of the judiciary is treated here as foundational rather than incidental. Within weeks of the transition, the Supreme Court set aside corruption and other cases against the Chief Adviser and his associates, a decision that followed the systematic removal of judges unwilling to align with the new order. Mob violence deaths rose roughly fourfold, to 637 recorded fatalities, as crowd adjudication displaced the courts, and more than 800 lawyers were pursued on what the documentary record describes as fabricated charges.[883] [884] Institutional capacity of this kind is not restored by a change of government, which makes the process by which it was degraded a necessary object of inquiry.

The following questions are addressed to the United Nations Special Rapporteur on the independence of judges and lawyers, to the International Commission of Jurists, and to the domestic bar:

1. By what process were sitting judges removed and the cases against the Chief Adviser and his associates dismissed, and did those processes meet minimum standards of judicial independence?
2. On what evidence were more than 800 lawyers charged, and how many of those charges have survived independent scrutiny?

[883] Human Rights Watch, documentation of arson and attacks on named business groups and of communal and mob violence in Bangladesh, 2024 to 2025.

[884] Sri Lanka Guardian, “When Justice Becomes a Crime: Bangladesh’s War on Its Own Lawyers,” 31 October 2025.

3. Were the 637 mob violence deaths investigated and prosecuted, or were they effectively tolerated as a mechanism of social control?

9.9 Discrimination, Communal Violence and Minority Displacement

It is in this context, rather than in the general child mortality examined in Section 9.3, that the vocabulary of group-directed crime becomes legally apposite. The report documents the displacement of approximately 240,000 members of minority communities by communal violence, alongside arson and the targeting of minority-owned businesses.[885] [886] Persecution, in international law, turns on the deliberate deprivation of fundamental rights on discriminatory grounds, and a state can incur responsibility not only by committing such acts but by failing to prevent or punish them. Whether the pattern of the period meets that definition is a question of fact and intent that a properly mandated body must answer; the report's role is to establish that the pattern exists and to insist that it be examined rather than absorbed into a general narrative of disorder.

The following questions are addressed to the UN human rights mechanisms and to bodies charged with the protection of minorities:

1. What were the scale, the geography, and the perpetrator profile of communal violence against religious and ethnic minorities during the period, and what did the state do to prevent it and to punish it?
2. Does the documented pattern of displacement and property destruction meet the legal definition of persecution of an identifiable group?
3. Were minority-owned businesses disproportionately represented among those subjected to arson, seizure, or loan reclassification, and if so, how does that pattern relate to the political targeting examined in Section 9.4?

[885] Human Rights Watch, documentation of arson and attacks on named business groups and of communal and mob violence in Bangladesh, 2024 to 2025.

[886] ASK and other human rights monitors, documentation of communal violence and minority displacement, 2024 to 2025.

9.10 The Forward Liabilities

The report separates forward liabilities from counted losses for methodological reasons, but the separation should not be mistaken for remoteness. These commitments will fall on a population that had no electoral voice in their making.

- The lifetime cost of above-benchmark energy contracts is put at USD 10 to 20 billion, the 15-year gas commitment at USD 1.5 to 3 billion, the trade agreement concessions at roughly USD 1.1 billion, the port concessions at USD 0.5 to 1 billion, with the Starlink terms and the remaining years of the Grameen tax waiver beyond them.
- Above all sits the 20-year deferral of banking provision shortfalls, an instrument that converts USD 6 to 14 billion of present insolvency into a future recapitalisation bill that appears in no current account.[887]
- To these must be added the human capital scarring of displaced workers, the disease burden of the immunisation collapse, and the register of identified but unquantified losses that Chapter 8 gathers precisely so that none of them disappears from the record.

Stated as recommendations, these items constitute tasks for a successor administration; stated as questions, they constitute a due-diligence agenda determining incidence and magnitude. The report asks the following questions:

1. For each long-term contract signed in the period, what is the above-benchmark cost over its life, is there a lawful exit or renegotiation clause, and what is the litigation exposure of exit?
2. Where is the USD 6 to 14 billion recapitalisation liability recognised in the public accounts, over what horizon will it fall due, and why is it not recorded now?
3. What contingent liabilities did the administration create that are not yet recorded in any public ledger, and who authorised each of them?

[887] Bangladesh Bank, *Financial stability report* 2025, and *Economic trends* monthly series, 2024 to February 2026; NPL and provisioning data as analysed in Chapter 6.

9.11 Data Integrity and the Audit of the Auditors

An administration that presented itself as auditing its predecessor, most visibly through the expert committee white paper of December 2024, invites the same standard to be turned upon its own numbers.[888] Several of the official series relied upon in this report were produced under contested governance and remain provisional, and the report has flagged where a de-rated baseline or an inflation-reporting discrepancy could flatter the administration's position.[889] The final question of substance is therefore reflexive: whether the figures themselves can be trusted, and whether the anti-corruption findings the administration advanced against others were held to the evidentiary standard they demanded of others. An audit that does not interrogate its own instruments constitutes a change of accuser rather than a change of standard.

None of the following questions was resolved during the interim government:

1. Were official macroeconomic and banking series revised or presented in ways that flattered the administration's position, and can the underlying data be independently reconstructed?
2. Was the interim administration's own corruption white paper subjected to the same evidentiary standards that it applied to the record of its predecessor?

9.12 A Call for Accountability

The report has taken a balanced approach by acknowledging the perspectives from the other side: It acknowledges that Dr Yunus inherited challenges from a struggling economy, although his own adviser recognised the prior government's positive contributions to economic progress. While these points provide important context, they do not negate the need for further inquiry. Inherited challenges can explain the initial situation but do not account for subsequent escalations. Individual measures that seem reasonable do not clarify the consistent pattern of benefits observed among connected

[888] White Paper Committee (chair: Debapriya Bhattacharya), White Paper on State of the Bangladesh Economy: Dissection of a Development Narrative, submitted to the Chief Adviser, 1 December 2024.

[889] IMF, *Bangladesh programme review documents, 2024 to 2026*.

interests. Common regional shocks do not fully account for results that are uniquely pronounced in a specific country.

The central questions raised in this chapter remain relevant after considering these fair concessions. When we look forward, the events appear as a series of misfortunes, but when analysed in reverse, they form a coherent sequence. It is beyond the scope of this report to determine which perspective holds true; that responsibility lies with an appropriate body with the authority to investigate further. Countries maintain detailed records, and it is through thorough investigation and responses that clarity can be achieved. These are the vital questions that need to be addressed moving forward.

CHAPTER 10

Conclusion

In October 2024, the Chief Adviser, Dr Yunus, said that a “reset button” had been pressed and that the past was gone for sure; his office then spent a week explaining that he had meant the software and not the hardware. The 18 months that followed settled the argument, and not in his favour. An administration that held power without an election, without a sitting parliament, and without any provision of the Constitution for its existence set about the country as though it were indeed a machine to be wiped. What the preceding chapters count is the cost of that wiping—in output, in institutions, and in lives.

The manner of its arrival shaped everything that came after. Power was *taken* at the crest of an *information war* and a season of *engineered unrest*, and it passed not to an elected party but to a coalition assembled around a *non-governmental and financial network*, carried by a mixture of *domestic mobilisation* and *external goodwill* that this report has examined and that Chapter 9 refers, unresolved, to the bodies with the power to compel an answer.

What is not in doubt is the character of the government that resulted. It ruled by ordinance where it should have legislated, by administrative fiat where it should have gone to a court, and by *mob (in)justice* where it should have relied on professional competence.

One thread runs through every chapter: capture, leading to institutional decay. The period offers an unusually complete case—a full cycle, documented as it happened, from the neutralisation of the referee institutions to the measurable economic result. The central finding of this study is that the subordination of the state’s neutral institutions, including its central bank, its courts, its regulators, and its revenue machinery, to a small governing network was not a symptom of the decline that followed but its structural cause.

The same logic surfaces in the banking collapse and the seized conglomerates, in the energy contracts and the frozen development budget, in the emptied vaccine stores and

the silenced statistics. Discretionary power, unmediated by rule or oversight, was the operative principle of the period.

The total is large, and it is deliberately conservative. The losses detailed in the five substantive chapters range from USD 80 billion to USD 112 billion, with a midpoint around USD 96 billion. This translates to approximately USD 470 to USD 660 for every citizen, which constitutes between 17 per cent and 24 per cent of a single year's national output. Two of every five of those dollars were lost inside the financial system—the part of an economy that takes the longest to rebuild. Beyond them sit forward liabilities of USD 16 billion to USD 30 billion, contracted by an administration no voter chose and payable by governments that never agreed to them. A simulation indicates that the cost of the unrepaired aftermath could reach a median of USD 89 billion over five years.

Set against June 2024, the reversal appears in almost every indicator that matters: growth roughly halved, the poverty headcount risen from 18.7 to 27.8 per cent, factories closed and close to half a million garment jobs lost, the prices of rice, oil and medicine climbing, and the maternal and infant death rates turning upward again after two decades of decline.

The report has not pretended that the administration inherited a healthy state, nor that global conditions were kind, nor that every dramatic figure in circulation is audited fact, and it has marked those qualifications wherever they arise. Each qualification narrows the account. None dissolves it. Inherited damage explains a starting point and not an escalation; a defensible measure here and there does not explain a systematic pattern of benefit flowing to connected interests; and a shock felt across the whole of South Asia does not explain an outcome so distinctive to one country.

What remains, after every fair concession has been made, is a governing period in which a stable and elected order was removed and the economy, the financial system, the institutions of governance, and a generation of businesses were run down with a consistency that the evidence, chapter by chapter, does not permit the reader to mistake for accident.

That is the burden this report leaves with its readers, and it falls differently on each of them. For researchers, the record assembled here is an invitation to test, extend, and contest the estimates. For those who will govern, it is a map of which institutions failed

first and therefore which must be rebuilt first: the central bank, the courts, the regulators, and the revenue machinery. For legislators, and for the authorities named in Chapter 9, it is a docket. The questions of motive, and of the domestic and foreign design behind the events of July and August 2024, remain open, and only an investigation holding powers this study does not possess can close them. The accounting, however, is done.

An unelected administration can press a reset button and lose nothing that ever mattered to it. A country cannot. It carries the loss forward: in output never produced, in institutions that will take a decade to rebuild, in a generation's diminished expectations. This report counts that failure. The reckoning belongs to those who come next, and this account is offered to them.

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Chapter 5, Economic Mismanagement

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ANNEX A

Foregone-Output Estimate: Methodology and Sensitivity

Purpose and Scope

This note documents the foregone-output figure carried in the report's opportunity-loss account. That account is forward-looking and is reported separately from the realised-destruction and gross-transfer accounts, because it measures growth that did not occur rather than value that was destroyed or redistributed. It should be read along with Chapter 5. The figure depends entirely on its assumptions, and the purpose of this note is to make those assumptions explicit, to present the estimate as a range rather than a single number, and to state plainly the limits of what it can support. The figure in question is the GDP opportunity loss of USD 17 to 22 billion over the 18 months from August 2024 to February 2026, estimated in Section 5.5 and carried as a memo item and top-down cross-check, not as a counted loss. A five-year extension, which treats the shortfall as persistent and yields a far larger figure, is reported at the end of this note for context only.

Methodology

The 18-month estimate applies the gap between counterfactual and actual growth to the level of GDP in each period. At FY2025 nominal GDP of approximately USD 460 billion (Section 5.5), each percentage point of foregone growth corresponds to roughly USD 4.6 billion. The FY2025 component compares actual growth of 3.49 per cent with the counterfactual. The FY2026 component compares preliminary indicators of 3.8 to 4.2 per cent with the same counterfactual and is pro-rated to the eight months from July 2025 to February 2026 that fall within the period under review. The counterfactual is varied across 6.0, 6.5 and 7.0 per cent, spanning the pre-transition trend of 6.5 to 7 per cent cited in the main text and a lower 6.0 per cent case. Each period's gap is counted once and is not carried forward, so the method does not compound the FY2025 shortfall into FY2026. Because the window is short, the figures are not discounted.

The five-year extension uses the standard construction for foregone output. A base GDP level is grown forward along two paths—a counterfactual trend-growth path and the actual-and-projected path—and the annual differences in the level of GDP are summed across a five-year horizon. Its base is taken as approximately USD 450 billion[1]. The actual path is anchored on the projected near-term growth rate of about 4.9 per cent[2], with a weaker 4.0 per cent path included to bound the downside. Its counterfactual is varied across 5.5, 6.0, and 6.5 per cent. Present values are computed at an 8 per cent discount rate. The figures below are illustrative and rounded to avoid false precision; the inputs, not the totals, are the substance of the estimate.

The single-rate extrapolation used here is a deliberate simplification of a more rigorous family of counterfactual methods. The standard approach in the applied literature is the synthetic control method, which builds the counterfactual as a weighted combination of comparator economies chosen to track the country before the event, rather than assuming a fixed growth rate[3]. A fuller treatment would construct such a synthetic Bangladesh from a donor pool of structurally similar economies; that approach has the additional merit of absorbing growth movements common to those economies, isolating the country-specific deviation and thereby disciplining the attribution discussed below. The constant-rate band presented here should be read as a transparent stand-in for that construction, not a substitute for it. The decision, in the extension, to sum level shortfalls across the full horizon, rather than count only the first-year gap, reflects evidence that output losses following major shocks tend to be persistent rather than self-correcting, so that the level of GDP does not simply return to its prior trend[4].

Sensitivity Results

All figures are output shortfalls in USD billion over the 18 months from August 2024 to February 2026, undiscounted. The 6.0 and 6.5 per cent rows give the lower and upper ends of the USD 17 to 22 billion range reported in Section 5.5; the shaded cell marks the upper end.

Table A.1 Sensitivity of the 18-month foregone output estimate to growth assumptions

Counterfactual growth	FY2025 (actual 3.49%)	Jul 2025–Feb 2026 (actual 4.2%)	Jul 2025–Feb 2026 (actual 3.8%)	18-month total
6.0%	~11.5	~5.5	~6.7	~17–18
6.5%	~13.8	~7.1	~8.3	**~21–22**
7.0%	~16.1	~8.6	~9.8	~25–26

FY2025 nominal GDP ≈ USD 460bn, so each percentage point of foregone growth ≈ USD 4.6bn; FY2026 component pro-rated to eight months (July 2025 to February 2026); figures undiscounted and rounded.

Interpretation

The grid reproduces the USD 17 to 22 billion range in Section 5.5: a 6.0 per cent counterfactual gives about USD 17 to 18 billion and a 6.5 per cent counterfactual about USD 21 to 22 billion, depending on where FY2026 growth settles between 4.2 and 3.8 per cent. Roughly two thirds of the figure comes from FY2025. Raising the counterfactual to the top of the pre-transition trend, 7.0 per cent, lifts the estimate to about USD 25 to 26 billion, so the range used in the main text does not rest on the most adverse assumption.

The five-year extension asks a different question: how large the shortfall becomes if it persists. Summing level shortfalls over five years from a base of about USD 450 billion, the cumulative figure ranges from about USD 45 billion (a 5.5 per cent counterfactual against the 4.9 per cent recovery path) to about USD 195 billion (6.5 per cent against the weak 4.0 per cent path), or about USD 35 to 145 billion in present value at 8 per cent. Under central assumptions—a 6.0 per cent counterfactual against the recovery path—the present value is approximately USD 65 billion. A figure approaching USD 190 billion therefore requires the most adverse, undiscounted assumptions and full attribution, and is not offered as a result. The extension is context only and is not carried into any total in the report. A figure that can be reproduced from the stated inputs is not open to the charge of being simplistic; a single figure quoted without them is.

Attribution and Caveats

Two limits bound the interpretation. First, the counterfactual growth rate should not be read as a trajectory already secured by the prior government. Growth had decelerated to 4.22 per cent in FY2024 (revised from a provisional 5.82 per cent), below the 6.6 per cent pre-pandemic decade average[5], so a 6.5 or 7.0 per cent counterfactual sits above the trend in place at the transition and assumes the reversal of an existing slowdown. Second, the shortfall has components that lie beyond any single administration: the pre-existing deceleration[6], the one-off shock common to any change of government, and external conditions including the structural banking weakness noted by international lenders. The estimate assumes full attribution of the gap to the period under review and should accordingly be read as an upper bound on the policy-specific component, not as an estimate of it.

For internal consistency, the counterfactual must also net out the cost of problems the report identifies elsewhere as inherited—most notably the banking shortfall described as deferred over two decades. A baseline cannot be treated as both pristine and durable while the same period is held responsible for a long-accumulating liability. Resolving that tension lowers the counterfactual growth rate, narrows the gap, and reduces the estimate; it also demonstrates that the same scepticism has been applied to the preferred baseline as to the period under review, which is the single change that most strengthens the figure against scrutiny.

Endnotes

1. Bangladesh's GDP stood at approximately USD 450 billion as of December 2024. "Bangladesh GDP Growth Rate," *Trading Economics,* accessed 19 June 2026, https://tradingeconomics.com/bangladesh/gdp-growth
2. The IMF's FY26 projection was 4.9 per cent. "IMF Lowers Bangladesh's FY26 GDP Growth Forecast to 4.9%," *News on Air,* 15 October 2025, https://www.newsonair.gov.in/imf-lowers-bangladeshs-fy26-gdp-growth-forecast-to-4-9

3. On the construction of the counterfactual, see the synthetic control method: Alberto Abadie and Javier Gardeazabal, "The Economic Costs of Conflict: A Case Study of the Basque Country," *American Economic Review* 93, no. 1 (2003): 113–132; Alberto Abadie, Alexis Diamond, and Jens Hainmueller, "Synthetic Control Methods for Comparative Case Studies: Estimating the Effect of California's Tobacco Control Program," *Journal of the American Statistical Association* 105, no. 490 (2010): 493–505; and Alberto Abadie, "Using Synthetic Controls: Feasibility, Data Requirements, and Methodological Aspects," *Journal of Economic Literature* 59, no. 2 (2021): 391–425.

4. On the persistence of output losses following major shocks, see Valerie Cerra and Sweta Chaman Saxena, "Growth Dynamics: The Myth of Economic Recovery," *American Economic Review* 98, no. 1 (2008): 439–457.

5. FY2024 growth of 4.22 per cent (revised from a BBS provisional estimate of 5.82 per cent) against a pre-pandemic decade average of 6.6 per cent. "BBS projects GDP growth at 5.82pc for FY24," The Financial Express, 20 May 2024, https://thefinancialexpress.com.bd/economy/bbs-projects-gdp-growth-at-582pc-for-fy-24; "GDP expands at faster pace in FY24," The Daily Star, 20 May 2024, https://www.thedailystar.net/business/economy/news/gdp-expands-faster-pace-fy24-3615066; "GDP grew 4.22% in FY24, lowest in four years," The Daily Star, 10 February 2025, https://www.thedailystar.net/business/news/gdp-grew-422-fy24-lowest-four-years-3819921

6. Year-on-year growth slowed to 3.78 per cent in October–December 2023 (the second quarter of FY2024), well before the August 2024 transition. "Economy grows by 3.78% in Oct-Dec, slowest in three quarters," The Daily Star, 9 April 2024, https://www.thedailystar.net/business/news/economy-grows-378-oct-dec-slowest-three-quarters-3585686

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