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Star BUSINESS

Govt raises salary of its outsourced manpower

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The government has increased the monthly salary for outsourced manpower of state-owned and state-run organisations after around six years by Tk 570 to Tk 1,102 in several cities and categories.

Last week, the Ministry of Finance issued a related circular while it added three new categories apart from the existing five. At present, around 60,000 people are engaged as outsourced workers of government offices and 10,000 are working in state-run enterprises.

AT A GLANCE

- Highest salary Tk 42,978
- Lowest salary Tk 18,180
- Numberofoutsourcedemployees:70,000

According to the circular, the outsourced manpower will get two yearly festival bonuses, a new year allowance, and be allowed a certain number of leaves every year.

Furthermore, women will get maternity leave, and all manpower will have to be included in the universal pension scheme.

There are three types of salary structures for three types of places. The highest salary is set for manpower working in the Dhaka metropolitan area.

For category one workers in Dhaka city, the monthly

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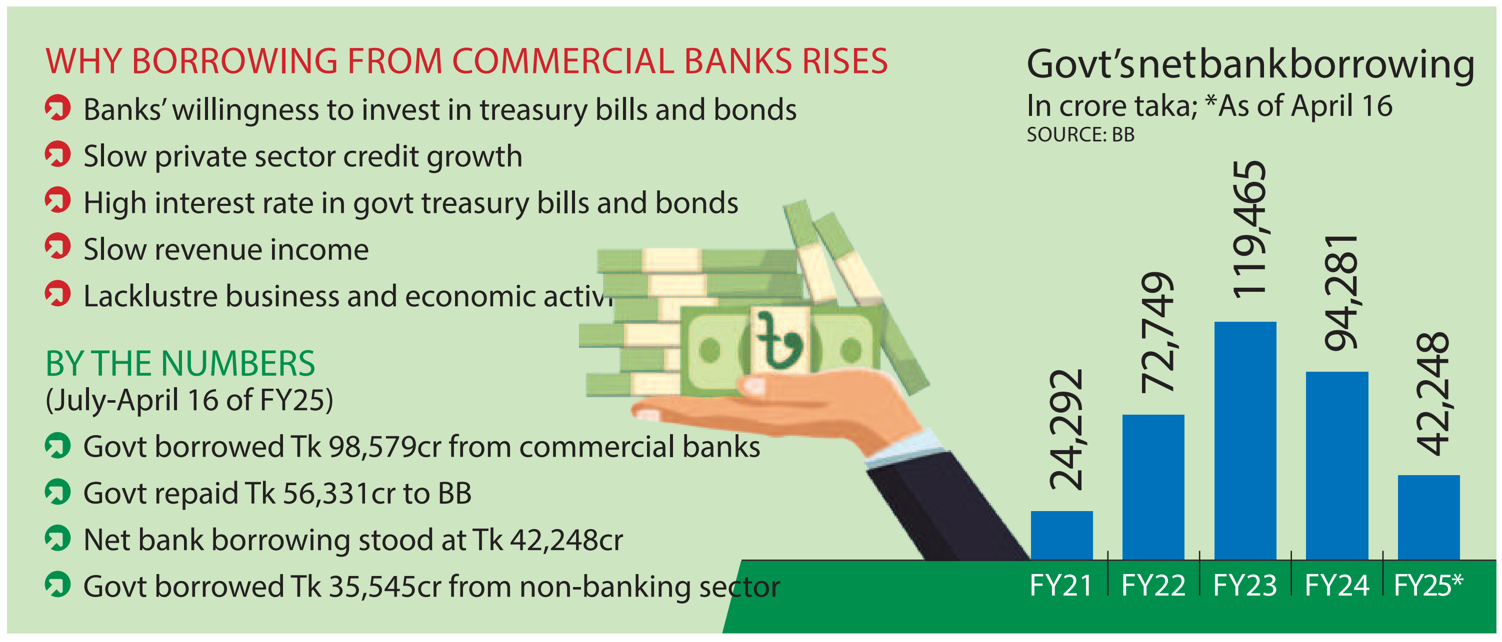
Commercial banks' lending to govt jumps 60%



MD MEHEDI HASAN

The government's reliance on commercial banks for funds has surged in recent months, thanks to sluggish revenue growth and a slowdown in private sector credit demand.

With the central bank halting direct financing by printing new notes, the government also has no option but to turn to commercial banks to meet its fiscal needs.

By mid-April of fiscal year (FY) 2024-25, government borrowing from commercial banks had soared to Tk 98,579.21 crore, marking nearly a 60 percent rise from Tk 61,616 crore during the same period the previous year, according to Bangladesh Bank data.

Despite the sharp increase, net borrowing from the banking system stood at Tk 42,248 crore -- slightly lower than the Tk 46,355 crore recorded a year earlier.

Net bank borrowing is calculated based on the amount that the government has taken from banks, subtracted by that repaid to the Bangladesh Bank.

During July to April 16 of this fiscal year, the government repaid Tk 56,331 crore to the central bank.

The government usually borrows through treasury bills and bonds. Until last fiscal year, it also drew funds directly from the Bangladesh Bank.

However, this practice was suspended after widespread criticism from economists and policymakers, who warned that printing money amid a stubbornly high inflation would only push prices higher.

Speaking on condition of anonymity, a senior central bank official told The Daily Star that the government was left with little choice but to lean heavily on commercial banks after the central bank withdrew from direct lending.

"With tax revenue falling short of expectations, the government appears increasingly dependent on the banking sector to cover its budget deficit," he said.

Internal figures from the National Board of Revenue (NBR) show that revenue collection grew by just 2.76 percent during the first nine months of FY25.

Up to March, the NBR -- which accounts for 86 percent of the state's total revenue -- collected Tk 256,486 crore, falling well short of the revised target of Tk 463,500 crore.

Meanwhile, private sector appetite for credit has dwindled, discouraged by high interest rates and political uncertainty.

This has left banks with surplus liquidity, prompting them to invest more in government securities, according to industry insiders.

Credit demand in the private sector has apparently come to a halt, hitting its lowest level since at least 2004, indicating a distressed business and investment situation.

Private sector credit growth stood at 6.82 percent in February this year, down from 7.15 percent the month prior, as per Bangladesh Bank data.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, said, "Banks now are heavily invested in the government treasury bills and bonds as credit demand in the private sector comes down."

Mustafizur Rahman, distinguished fellow at local think tank Centre for Policy Dialogue (CPD), told The Daily Star that the government's need for borrowing is set to rise this quarter, which explains the growing reliance on bank loans.

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Telcos expected to lower prices of internet

STAR BUSINESS REPORT

The interim government expects that mobile operators will reduce prices of mobile internet services soon as there were a series of wholesale-level price drops across different layers of the internet value chain in Bangladesh, said Faiz Ahmad Taiyeb, the chief adviser's special assistant with executive authority over the ICT and telecom sectors.

"The government has extended policy support to the mobile network operators and, through public-private collaboration, has already reduced internet prices at both international and national wholesale levels. Now, it is their turn to join this national initiative," Taiyeb said in a post on his Facebook page on Sunday.

He said the government has already facilitated significant reductions at three critical layers of the internet distribution network.

According to the latest confirmation from Fiber@Home management, wholesale prices will drop by 10 percent at the International Terrestrial Cable (ITC) level, 10 percent at the International Internet Gateway (IIG) level, and 15 percent at the National Telecommunication Transmission Network (NTTN) level.

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FDI slipped to five-year low in 2024

SOHEL PARVEZ

Net foreign direct investment (FDI) in Bangladesh plunged to a five-year low in 2024, according to provisional figures released by Bangladesh Bank, raising concerns over investor confidence amid growing economic headwinds and policy uncertainties.

The country received $1,270.39 million in net FDI in 2024, a 13.25 percent drop from $1,464.13 million in 2023.

This is in continuation of a downward trend that began after the 2021 post-pandemic peak of $1,572.16 million, when investor optimism surged with the revival of global supply chains.

A breakdown of the 2024 figures shows that equity inflows declined by 7 percent to $544.63 million, suggesting a reduction in new investment commitments.

Reinvested earnings took the biggest hit, falling 19 percent to $621.95 million—indicating lower retained profits or increased repatriation. Intra-company loans dipped slightly by 2 percent to $103.8 million.

Economists and investment analysts warn the declining trend reflects deeper structural issues—including regulatory delays, rising operational costs, energy shortages, and currency volatility—that may be deterring both new and existing foreign investors.

The global trade and investment scenario has been evolving fast in recent times with new challenges arising such as geopolitical fractures and trade protectionism, said M Masrur Reaz, chairman and chief executive officer of Policy Exchange of Bangladesh.

Weaknesses in Bangladesh's own investment climate have further exacerbated the slowdown. "We must prioritise improving the business environment to regain momentum," he said.

The decline in FDI comes at a critical juncture, as the country prepares for its graduation from least developed country (LDC) status, diversification of export, economic sectors, and markets, undertakes large-scale infrastructure and industrial projects.

The government has identified foreign investment as a key driver of job creation and technology transfer. However, the downward trend in FDI places additional pressure on policymakers to respond swiftly.

According to Reaz, the shrinking FDI figures serve as a wake-up call to address longstanding bottlenecks.

These include the need to modernise policy and regulatory framework for investments, improve regulatory service delivery and transparency to minimise red tape, deploy automated government-to-business engagements and ensure a reliable energy supply.

It also necessitates establishing a transparent and predictable tax regime and ensuring timely policy responses.

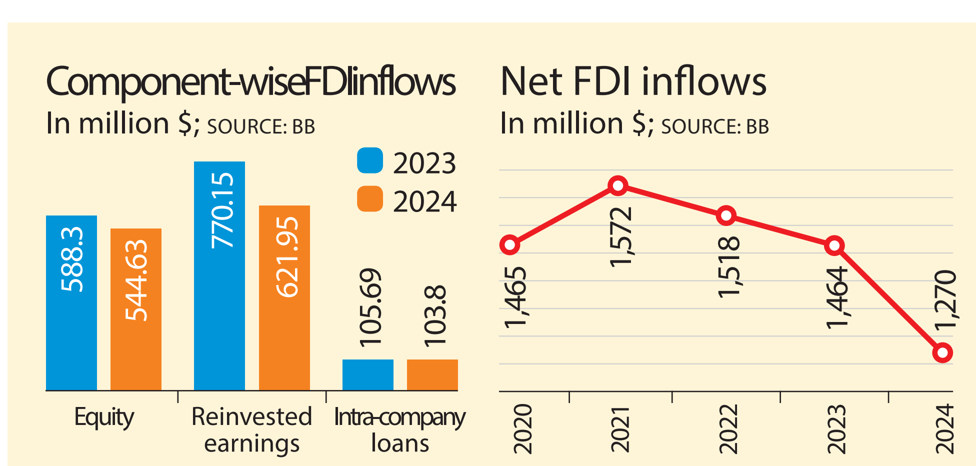
"Without tackling these issues, Bangladesh risks losing its competitive edge in a region that is becoming increasingly attractive to international investors, as well as the once-in-a-generation opportunity to position as a regional/global supply chain hub," he warned.

"Despite the overall dip, sectors such as pharmaceuticals, IT-enabled services, and light manufacturing continue to show strong growth potential, and has potential to leverage further FDI," he added.

Khandoker Azizul Islam, executive member (international investment promotion), Bangladesh Investment Development Authority (Bida), said the inflow of FDI had slowed during the last two quarters in 2024 due to various on-the-ground realities after the political changeover.

However, the situation is now improving, and investor confidence is gradually returning as conditions become more favourable for business, he said.

"Just after the investment summit held earlier this month, three to four foreign investors visited me to explore potential investment opportunities in Bangladesh," he said.



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Ministry shelves plan to hike fees on jute exports

JAGARAN CHAKMA

Just five days after issuing a gazette notification imposing export fees on raw jute and jute products, the government has withdrawn the order to review the decision, following strong concerns from industry stakeholders over what they described as an excessive hike.

After 30 years, the government has revised the revenue fees for the export of raw jute and jute products.

The Ministry of Textiles and Jute issued a gazette notification in this regard on April 16.

According to the notification, the export fee for raw jute has been revised to Tk 7 per bale, up from Tk 2 per bale set in 1995.

In addition, the fee for the export of jute products has been revised to Tk 0.50 per Tk 100 worth of goods, compared to the previous rate of Tk 0.10 set three decades ago.

However, Md Abdur Rauf, secretary to the Ministry of Textiles and Jute, said the ministry has decided to suspend the hike.

"We will conduct a review. It was taken after careful consideration of ongoing discussions and procedural reviews, not due to any external pressure," he said.

He explained that the matter involved approvals and assessments from the Ministry of Finance.

"Whenever we propose adjustments or incentives in the market, the finance ministry evaluates the revenue implications. Given that our state's income remains relatively low, we occasionally consider raising certain taxes," he said.

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