

Star BUSINESS



Tk 141,000cr needed in June to attain tax goal

MD ASADUZ ZAMAN

The National Board of Revenue (NBR) needs to collect Tk 141,000 crore this month to meet its revenue target of Tk 463,500 crore for the current fiscal year—an impossible task, analysts said.

Between July and May of FY2024-25, NBR's tax collection rose 4.21 percent year-on-year to Tk 3,22,232 crore, according to provisional data.

The figure fell Tk 72,228 crore short of the NBR's target for the period.

Officials said collections in May were affected by a two-week-long protest by revenue officials demanding the repeal of a new ordinance seeking to split the NBR.

The interim government framed the ordinance as part of revenue reforms and to comply with an International Monetary Fund condition tied to a \$4.7 billion loan package.

The protest ended after the government pledged to amend the law. However, services at field offices were disrupted, hampering revenue collection.

This month, tax collection is likely to be slower than that a year ago, said Muhammad Abdur Razzaque, chairman of the Research and Policy Integration for Development (RAPID).

He noted that economic activity has slowed due to the Eid-ul-Azha holidays.

"May's collection suffered as officials suspended work. Even if we assume that recovery is possible with effort, practically it is impossible. The NBR was virtually non-functional for several days," he said.

"In this situation, the chances of meeting the tax collection target are very slim," Razzaque added.

Earlier, the Centre for Policy Dialogue (CPD) projected a revenue collection shortfall of about Tk 105,000 crore in FY25.

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Provision shortfall at banks widens six times



KEY FACTS

As of March, 2025

Total loans: Tk 1,741,992cr

Amount of bad loans: Tk 420,335cr

Ratio of bad loan: 24.13%

Provision against bad loans required: Tk 275,103cr

Provision maintained: Tk 104,448cr

Shortfall: Tk 170,655cr

MD MEHEDI HASAN

The provision shortfall in the banking sector has increased more than six times to Tk 170,655 crore over the past year, Bangladesh Bank data show, exposing the fragile financial health of commercial lenders due mainly to large-scale scams and irregularities during the previous regime.

Banks and financial institutions are required to set aside sufficient funds, or provisions, to cover potential losses from loans, especially those that turn sour, and safeguard the interest of depositors.

A shortfall occurs when they fail to keep enough aside to meet these obligations.

By March this year, banks were required to set aside Tk 275,103 crore in provisions. But they managed only Tk 104,448 crore, leaving a shortfall of Tk 170,655 crore, according to the Bangladesh Bank (BB) data.

A year earlier, the shortfall stood at Tk 26,585 crore, while it was Tk 106,130 crore at the end of December last year.

BB officials said the spike in non-performing loans (NPLs) has driven the shortfall. High levels of bad loans mean banks need larger provisions, which eat into profits.

They added that a provision shortfall also points to weak financial management.

Bad loans in the banking sector reached a record Tk 420,335 crore at the end of March.

Compared with a year earlier, the amount more than doubled, although total loans rose just 6.2 percent over the same period.

Alone in the first quarter of this year, bad loans jumped by Tk 74,570 crore. As of March, total loans in the banking sector amounted to Tk 1,741,992 crore, of which 24.13 percent were classified as non-performing.

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Iran-Israel war may pose new challenge to RMG sector: BGMEA

STAR BUSINESS REPORT

The ongoing conflict between Iran and Israel may present a fresh challenge to Bangladesh's readymade garment (RMG) sector, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The tension could drive up the cost of doing business, warned Mahmud Hasan Khan Babu, the platform's newly elected president.

In his inaugural address at the BGMEA office in Dhaka yesterday, Babu said the conflict might trigger a surge in global oil prices, which would, in turn, increase operational expenses for the country's key export-oriented industry.

Babu's panel, Forum, secured victory in the BGMEA election for the 2025-2027 term, held on May 31.

He identified several other pressing challenges facing the garment industry, including reciprocal US tariffs, India's suspension of transshipment facilities for Bangladeshi goods, high inflation, rising wages, elevated bank interest rates, and soaring energy costs.

Babu pledged to work towards overcoming these obstacles. As part of his panel's electoral commitments, he vowed to advocate for the establishment of a dedicated ministry for the garment sector.

Furthermore, his board committed to supporting the recovery and development of small and medium enterprises (SMEs), addressing the impacts of Bangladesh's graduation from the Least Developed

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নারীর স্বপ্ন পূরণের যাত্রা আরো স্বচ্ছন্দ্যময় করতে 'ইবিএল উইমেন'স লোন'।

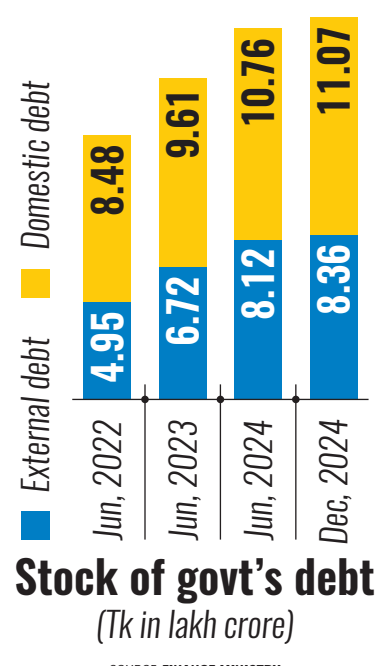
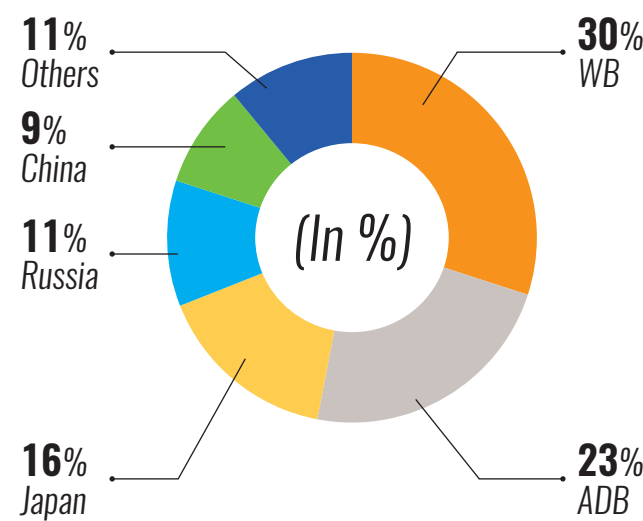
সুবিধাসমূহ:

- সর্বোচ্চ ২০ লক্ষ টাকা পর্যন্ত জামানতবিহীন লোন
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- যে কোন মুহুর্তে আংশিক বা সম্পূর্ণ লোন পরিশোধের সুযোগ
- আকর্ষণীয় ইন্টারেস্ট রেট

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Outstanding debt up 3% in first half of FY25

Govt's external debt liabilities to major financiers



REJAUL KARIM BYRON and ASIFUR RAHMAN

The government's total outstanding debt has increased by 2.93 percent in the first six months of the current fiscal year till December 2024 and reached Tk 1,944,171 crore, which is increasing the pressure of debt servicing in the budget.

The outstanding debt, both local and external, is increasing gradually. It was Tk 1,344,443 crore till June 2022 and reached Tk 1,888,787 crore till June 2024.

Of the total outstanding debt, foreign loans accounted for about 43 percent or Tk 836,658 crore till December last year. It was Tk 495,793 crore in June 2022.

According to the Quarterly Debt Bulletin released yesterday, the government planned to focus on increasing reliance on the domestic debt market to reduce foreign currency exposure risks in the medium term.

"But, as the liquidity position in the financial market remains tight, there will be some

challenges to implement the strategy," it said.

Bangladesh still has access to concessional external financing and prefers this mode of financing, inclusive of concessional and non-concessional terms, said the bulletin.

It said the country has been gradually facing exposure to non-concessional loans by official creditors due to persistent economic development and higher per capita income in recent times.

Moreover, it said, the cost of borrowing from commercial lenders has been increasing due to global monetary tightening, high domestic inflation and depreciation of the local currency.

It is expected that inflation would decrease substantially in the next fiscal year, and the currency exchange rate would be stabilised due to the current initiative by the central bank.

According to the bulletin, the majority of the external debt is denominated in US dollars, which accounts for around 53 percent of the

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Ctg port sets new container handling record

STAR BUSINESS REPORT

Chattogram port has set a new record for container handling, surpassing last year's total even before the current fiscal year ends in June, according to a statement by the Chattogram Port Authority (CPA) yesterday.

By June 15, the port had handled 3,171,779 TEUs (twenty-foot equivalent units), edging past last year's total of 3,168,690 TEUs and marking a 4.63 percent year-on-year rise.

This growth came despite serious disruptions to the country's foreign trade over the past year, the CPA said.

Container operations were hampered for nearly two months due to several domestic issues, including the mass uprising in July, prolonged flooding, a pen-down programme by customs officials, and a transport strike.

The statement added that Eid holidays, extended port closures, and transshipment restrictions linked to policy changes in India also hit port activities.

On the global front, maritime trade continued to face headwinds amid geopolitical tensions such as the Russia-Ukraine war, high freight charges, and weather-related disruptions across Europe.

In the face of these challenges, Chattogram port achieved the record through a series of strategic steps, according to the CPA.

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Govt to nearly double food storage capacity

The capacity will be 37 lakh tonnes, up from the existing 22 lakh tonnes



SUKANTA HALDER

The interim government has planned to nearly double its public food storage capacity to 37 lakh tonnes in the next fiscal year.

The aim is to strengthen food grain management so that the government can better intervene in the market to stabilise staple prices and increase distribution among low-income people under various social protection schemes.

Experts said the government's ability to intervene in the market would improve if it is able to successfully implement the plan.

In his budget speech, Finance Adviser Salehuddin Ahmed announced that an action plan has been adopted to enhance food warehousing capacity and strengthen institutional capability in food grain management in the upcoming fiscal year.

Food security is a major concern for this densely populated country,

and reducing inflation and ensuring food security are among its main priorities, he said.

Currently, Bangladesh has the capacity to store about 22 lakh tonnes of food grains, said Md Mahbubur Rahman, director for the Movement, Storage and Silo Division at the Directorate General of Food.

The government has taken the initiative to expand storage capacity as public food distribution under various programmes has been increasing gradually.

The government distributes food grains through open market sales and food-friendly programmes.

As of May 31 of the current fiscal year, the government distributed 30.30 lakh tonnes of food, whereas the target for the full year was 34 lakh tonnes.

The figure stood at 29.07 lakh tonnes for the same 10 months of the previous fiscal year.

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HALAL SAVINGS THRIVING FUTURE

HASANA ISLAMIC BANKING

Prime Bank



PHOTO: PRIME BANK

Shehzad Aaqib, founder and creative director of Suit Express by SARTO, and Md Nazeem A Choudhury, deputy managing director of Prime Bank PLC, pose for photographs after signing the agreement at the bank's corporate office in the capital's Gulshan yesterday.

Prime Bank signs deal with Suit Express by SARTO

STAR BUSINESS DESK

Prime Bank PLC has entered into a strategic partnership agreement with Suit Express by SARTO, a renowned clothing brand, to extend privileges to its priority banking clientele and cardholders.

Md Nazeem A Choudhury, deputy managing director of the bank, and Shehzad Aaqib, founder and creative director of the clothing brand, formalised the agreement at the bank's corporate office in the capital's Gulshan yesterday,

according to a press release.

Through this collaboration, Prime Bank's priority banking customers and cardholders will enjoy special benefits on bespoke tailoring and premium ready-to-wear collections offered by Suit Express by SARTO.

Joarder Tanvir Faisal, executive vice-president and head of cards and retail asset at the bank; and Tysir Khan, deputy managing director of the JK Group of Industry, along with other senior officials from both organisations, were also present.

BRAC Bank, Priyoshop partner to expand digital financing for micro merchants

STAR BUSINESS DESK

BRAC Bank has entered into a strategic partnership agreement with Priyoshop, a platform supporting small businesses with inventory, logistics, and digital tools, to expand access to digitally processed financing for rural and semi-urban micro merchants.

Syed Abdul Momen, additional managing director and head of SME banking at the bank, and Asikul Alam Khan Sujon, founder and managing director, and CEO of the platform, signed the agreement in Dhaka recently, said a press release.

Commenting on the partnership, Momen stated: "This collaboration reflects BRAC Bank's commitment to advancing financial inclusion through innovation."

"By embedding digitally processed

lending into Priyoshop's ecosystem, we are removing friction and expanding access to formal credit for micro merchants nationwide. This model holds the potential to reshape rural entrepreneurship," he added.

Sujon remarked, "As a Shafallo Promoter, we are proud to connect our merchants with BRAC Bank's seamless lending solutions, enabling stronger and more resilient businesses."

The partnership seeks to address two key challenges in the MSME sector - limited market access and constrained availability of formal credit - by leveraging Priyoshop's extensive merchant network alongside BRAC Bank's expertise in digital lending.

Dipty Mandal, co-founder and chief marketing officer of Priyoshop, was also present, along with senior officials from both organisations.



PHOTO: BRAC BANK

Asikul Alam Khan Sujon, founder and managing director and CEO of Priyoshop, and Syed Abdul Momen, additional managing director and head of SME banking at BRAC Bank, pose for photographs after signing the agreement in Dhaka recently.

Amisheè offers privileges to Eastern Bank's cardholders

STAR BUSINESS DESK

Eastern Bank PLC (EBL) has recently signed an agreement with Amisheè, a luxury jewellery and lifestyle brand, to offer exclusive benefits to its cardholders.

M Khorshed Anwar, deputy managing director and head of retail and SME banking at the bank, and Mahmudul Hasan, head of business of

the jewelry retailer, signed the agreement in Dhaka, according to a press release issued by the bank.

Under this partnership, Amisheè will provide special privileges to EBL cardholders at its retail outlets.

Farzana Qader, acting head of retail alliance at EBL, and Samira Nawrin, head of marketing of the jewelry retailer, along with other officials from both the organisations, were also present.



Mahmudul Hasan, head of business at Amisheè, and M Khorshed Anwar, deputy managing director and head of retail and SME banking at Eastern Bank PLC, pose for photographs after signing the agreement in Dhaka recently. PHOTO: EASTERN BANK

Provision shortfall

FROM PAGE B1

performing, as per BB data. Banks must set aside between 0.5 percent and 5 percent of standard loans as provisions, depending on the type of credit.

For problem loans, the requirements are steeper. Banks need to set aside 20 percent for substandard loans, 50 percent for doubtful loans, and the full amount for bad or loss-category loans.

BB officials said the rising tide of bad loans has fuelled the widening provision gap.

They said that most state-owned banks and many private lenders are struggling with large shortfalls.

By contrast, some private banks have kept surplus provisions thanks to healthier balance sheets.

Central bank data show state-run banks faced a shortfall of Tk 63,996 crore, while private commercial banks were short by Tk 107,340 crore. Foreign and specialised banks, on the other hand, maintained excess provisions.

Speaking on condition

of anonymity, the chief executive of a private commercial bank blamed the crisis on widespread scams and irregularities under the previous government.

He pointed to the S Alam Group, alleging the conglomerate siphoned off thousands of crores of taka from banks under its influence.

The poor state of Islami Bank Bangladesh, First Security Islami Bank, Union Bank, Global Islami Bank, and Social Islami Bank shows how the business conglomerate used those banks, said the senior banker.

Due to the scale of the shortfall, many banks were unable to declare dividends for 2024.

In March this year, the central bank issued new rules for dividend payouts.

From 2024, banks that benefited from provisioning deferrals are no longer eligible to issue dividends.

From next year, the dividend payout restriction will apply to any bank with NPLs crossing 10 percent of its loan portfolio.

Tk 141,000cr needed

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This would mark the 13th consecutive year that the NBR will be missing its revenue collection target.

Against this backdrop, the government has set a tax collection goal of Tk 499,000 crore for FY2025-26, which is 7.6 percent higher than that in this year's revised target.

The target is significantly higher than the actual receipts of Tk 361,000 crore.

"The revenue target for the next fiscal year has been

set quite high. It simply won't be achievable," Razzaque said.

He also warned of growing external risks.

"We are already under economic pressure due to various disruptions, and we still don't know how Trump's reciprocal tariff policies will play out," he said.

"If global trade slows as a result, it will affect our revenue. The slowdown will make economic management harder than in a normal year," he said.

Iran-Israel war

FROM PAGE B1

Country (LDC) category, and focusing on formulating clear exit policies.

He also announced plans to introduce a digital platform, allowing BGMEA members to apply for various services and lodge complaints regarding the association's operations.

His board further pledged to reduce the cost of BGMEA's services by 25 percent starting from July 1. Babu reaffirmed his commitment to restoring and enhancing the reputation of the country's garment industry.

The BGMEA election was held to fill 35 director posts - 26 in the Dhaka region and nine in Chattogram.

The Forum panel, led by Mahmud Hasan

Khan, secured 31 of the director positions, while the Sammilito Parishad panel won four. Of Forum's victories, 25 were in Dhaka and six in Chattogram. Sammilito Parishad secured one post in Dhaka and three in Chattogram.

Although the previous BGMEA election was held in March last year, then-president SM Mannan Kochi resigned in October following the fall of the Sheikh Hasina-led government in August.

In October, the government appointed Md Anwar Hossain as the BGMEA administrator to oversee the election process.

Anwar Hossain and a number of former BGMEA presidents also spoke at the ceremony.

One in three factories

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He said that gas and power shortages are national issues. Unlike Bepza or Beza zones, BSCIC estates do not have dedicated utility lines and have to depend on existing supply networks, which often fail to meet demand.

Although BSCIC has the authority to cancel leases on long-unused plots, most decisions are challenged in court, leading to costly and drawn-out legal battles, Quaderly told The Daily Star.

He said after a five-year wait, plot owners can

transfer leases at market rates, with BSCIC collecting a 5 percent fee beyond which it has little control.

The ongoing problems in old zones like Kalurghat and Sholoshahar have dented confidence in newer estates such as Mirsharai, as well as in sites planned for places like Raozan.

Quaderly said, "Without affordable power and gas, SMEs cannot thrive against larger industrial competitors."

Even so, he pointed to recent discussions to revive the BSCIC estates.

Dollar steady with focus on Middle East conflict, central bank meetings

REUTERS

The dollar held its ground in choppy trading on Monday, as investors keenly monitored Israel-Iran fighting for any signs that it could escalate into a broader regional conflict and braced for a week packed with central bank meetings.

As both Iran and Israel showed no signs of backing off from their attacks, market participants mulled the prospect that Tehran might seek to choke off the Strait of Hormuz - the world's most important gateway for oil shipping - which could raise broader economic risks from disruptions in the energy-rich Middle East.

Crude prices were up about 1 percent after closing 7 percent higher on Friday following Israel's preemptive strike on Iran.

On Monday, the dollar was flat at 144.08 Japanese yen after rising nearly 0.4 percent earlier in the session, while the euro was muted at \$1.1555.

The greenback was also steady against the Swiss franc at 0.811, while an index that measures the dollar against six other currencies dipped 0.1 percent and was last at 98.11.

Crude prices were up about 1 percent after closing 7 percent higher on Friday following Israel's preemptive strike on Iran.

Currencies that are positively correlated to risk such as the Australian dollar and the New Zealand dollar were marginally higher, while oil exporter Norway's krone firmed 0.3 percent to hit its highest since early 2023.

"The dollar's role as a safe haven will surely be tested, and recent price action has been inconclusive," said Win Thin, global head of markets strategy at Brown Brothers Harriman.

"If the Fed delivers a dovish hold as we expect, the dollar is likely to resume weakening due to the worsening fundamental backdrop in the US."


Geopolitical tensions were the latest twist for investors and central bank policymakers who have been trying to navigate economic uncertainty triggered by US President Donald Trump's move to reshape the global trade order this year.

Despite the dollar's broader rise in the past few sessions, analysts were less convinced that the trend could continue until there was more clarity on the tariff front.

"গ্যাস জাতীয় সম্পদ। এর অপচয় রোধ করে জাতীয় দায়িত্ব পালন করুন।"

তদ্বাচীরের মূল্যবোধ সজ্ঞতা ও জবাবদিহিতা। -জাতীয় শুদ্ধাচার কৌশল

"বিদ্যুৎ ও জ্বালানী নিরাপত্তা সর্বোচ্চ অগ্রাধিকার"



বাংলাদেশ গ্যাস ফিন্যান্স কোম্পানী লিমিটেড

(পেট্রোবাংলার একটি কোম্পানী)

প্রধান কার্যালয় : বিরাসার, ব্রাহ্মণবাড়িয়া।

নিলাম বিজ্ঞপ্তি

সূত্র নং-২৮.১০.১১১৩.৮১৮.০০৪.২০২৫.২৬ তারিখ: ১৬-০৬-২০২৫

বাংলাদেশ গ্যাস ফিন্যান্স কোম্পানী লিমিটেড (বিজিএফসিএল) এর বিভিন্ন বিভাগ/ফিল্ড/লোকেশনে রক্ষিত অচল ও ব্যবহার অনুপযোগী বিভিন্ন ধরনের যানবাহন "যেখানে যে অবস্থায় আছে" ভিত্তিতে বিক্রয়ের জন্য আগ্রহী ব্যক্তি ও প্রতিষ্ঠানের নিকট হতে নির্ধারিত ফরমে আবেদন করে দরপত্র আহ্বান করা যাচ্ছে:

০১	মন্ত্রণালয়/বিভাগ	: বিদ্যুৎ, জ্বালানী ও খনিজ সম্পদ মন্ত্রণালয়/জ্বালানী ও খনিজ সম্পদ বিভাগ।
০২	সংস্থার নাম	: পেট্রোবাংলা।
০৩	বিক্রয়কারী প্রতিষ্ঠানের নাম	: বাংলাদেশ গ্যাস ফিন্যান্স কোম্পানী লিমিটেড।
০৪	বিক্রয়কারী প্রতিষ্ঠানের জেলা	: ব্রাহ্মণবাড়িয়া।
০৫	দরপত্র সূত্র নং ও তারিখ	: ২৮.১০.১১১৩.৮১৮.০০৪.২০২৫.০১ তারিখঃ ১৭.০৬.২০২৫
০৬	বিক্রিতব্য মালামালের বিবরণ	: অচল ও ব্যবহার অনুপযোগী বিভিন্ন ধরনের যানবাহন নিলামে বিক্রয়: ০৩টি ভারী যানবাহন (টোইলসহ ০১টি প্রাইম মুভার, টোইলসহ ব্যক্তি ০১টি প্রাইম মুভার ও ০১টি বুলডোজার) ০৩টি মোটর সাইকেল এবং ১০টি হালকা যানবাহন (০৫টি জীপ, ০৩টি কার ও ০২টি পিকআপ)
০৭	দরপত্র দলিল বিক্রয় শুরুর তারিখ ও সময়	: ১৭.০৬.২০২৫ অফিস চলাকালিন (রবিবার হতে বুধবার সকাল ০৯:০০ ঘটিকা হতে ১৫:০০
০৮	দরপত্র দলিল বিক্রয়ের শেষ তারিখ ও সময়	: ৩০.০৬.২০২৫ ঘটিকা এবং বৃহস্পতিবার ০৯:০০ ঘটিকা হতে ১৪:০০ ঘটিকা পর্যন্ত)।
০৯	দরপত্র দলিল দাখিলের শেষ তারিখ ও সময়	: ০১.০৭.২০২৫ তারিখ ১৪:৩০ ঘটিকা পর্যন্ত।
১০	দরপত্র উন্মুক্তকরণের তারিখ ও সময়	: ০১.০৭.২০২৫ তারিখ ১৫:০০ ঘটিকা।
১১	দরপত্র দলিল বিক্রয়ের ঠিকানা	: কাশা এন্ড ব্যাংক শাখা, হিসাব বিভাগ, বিজিএফসিএল, প্রধান কার্যালয়, বিরাসার, ব্রাহ্মণবাড়িয়া।
১২	দরপত্র দলিল দাখিলের ঠিকানা	: শ্রীমতী সঙ্গ্রহ বিভাগ, বিজিএফসিএল, প্রধান কার্যালয়, বিরাসার, ব্রাহ্মণবাড়িয়া।
১৩	দরপত্র দলিলের মূল্য	: টাকা ২,০০০.০০ (দুই হাজার) (অফেরতযোগ্য)।
১৪	অর্নেটম্যানি	: উদ্ধৃত মূল্যের ১০% (দশ শতাংশ)।
১৫	দরপত্র আহ্বানকারী কর্মকর্তার নাম	: প্রকৌ. এম. কে. মাসুক
১৬	দরপত্র আহ্বানকারী কর্মকর্তার পদবি	: মহাব্যবস্থাপক (টেকনিক্যাল সার্ভিসেস)
১৭	দরপত্র আহ্বানকারী কর্মকর্তার ঠিকানা	: বাংলাদেশ গ্যাস ফিন্যান্স কোম্পানী লি., প্রধান কার্যালয়, বিরাসার, ব্রাহ্মণবাড়িয়া।
১৮	দরপত্র আহ্বানকারীর ফোন নম্বর	: ০২৩০৪৪২৮১৪১, ০২৩০৪৪২৯৪২৮, ০২৩০৪৪২৯১২৮ এক্সটেনশন ১০৬
১৯	বিশেষ নির্দেশনাবলী	: ক) দরপত্র দাখিলের দিন কোন দরপত্র দলিল বিক্রয় করা হবে না। খ) নির্ধারিত সময়ের পর কোন দরপত্র গ্রহণ করা হবে না। গ) কর্তৃপক্ষ কোন কারণ দর্শানো ব্যতিরেকে যে কোন দরপত্র বা সকল দরপত্র বাতিল করার ক্ষমতা সংরক্ষণ করে। ঘ) বিক্রিতব্য যানবাহনের বিস্তারিত বিবরণ এবং অন্যান্য তথ্যাবলী দরপত্র দলিলে উল্লেখ আছে। ঙ) অনিবার্য কারণবশতঃ নির্ধারিত দিন ও সময়ে দরপত্র খোলা সম্ভব না হলে পরবর্তী কর্মদিবসে একই স্থানে ও সময়ে দরপত্র খোলা হবে। এ বিষয়ে আলাদা বিজ্ঞপ্তি প্রকাশ করা হবে না।

২৮.১০.১১১৩.০০০.৮৭৬.০৯.০০২০.২৫ (টিএস)
(১০'x ৪)

(প্রকৌ. এম. কে. মাসুক)
মহাব্যবস্থাপক (টেকনিক্যাল সার্ভিসেস)

GD-1407

Star BUSINESS



Tk 141,000cr needed in June to attain tax goal

MD ASADUZ ZAMAN

The National Board of Revenue (NBR) needs to collect Tk 141,000 crore this month to meet its revenue target of Tk 463,500 crore for the current fiscal year—an impossible task, analysts said.

Between July and May of FY2024-25, NBR's tax collection rose 4.21 percent year-on-year to Tk 3,22,232 crore, according to provisional data.

The figure fell Tk 72,228 crore short of the NBR's target for the period.

Officials said collections in May were affected by a two-week-long protest by revenue officials demanding the repeal of a new ordinance seeking to split the NBR.

The interim government framed the ordinance as part of revenue reforms and to comply with an International Monetary Fund condition tied to a \$4.7 billion loan package.

The protest ended after the government pledged to amend the law. However, services at field offices were disrupted, hampering revenue collection.

This month, tax collection is likely to be slower than that a year ago, said Muhammad Abdur Razzaque, chairman of the Research and Policy Integration for Development (RAPID).

He noted that economic activity has slowed due to the Eid-ul-Azha holidays.

"May's collection suffered as officials suspended work. Even if we assume that recovery is possible with effort, practically it is impossible. The NBR was virtually non-functional for several days," he said.

"In this situation, the chances of meeting the tax collection target are very slim," Razzaque added.

Earlier, the Centre for Policy Dialogue (CPD) projected a revenue collection shortfall of about Tk 105,000 crore in FY25.

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Provision shortfall at banks widens six times



KEY FACTS

As of March, 2025

Total loans: Tk 1,741,992cr

Amount of bad loans: Tk 420,335cr

Ratio of bad loan: 24.13%

Provision against bad loans required: Tk 275,103cr

Provision maintained: Tk 104,448cr

Shortfall: Tk 170,655cr

MD MEHEDI HASAN

The provision shortfall in the banking sector has increased more than six times to Tk 170,655 crore over the past year, Bangladesh Bank data show, exposing the fragile financial health of commercial lenders due mainly to large-scale scams and irregularities during the previous regime.

Banks and financial institutions are required to set aside sufficient funds, or provisions, to cover potential losses from loans, especially those that turn sour, and safeguard the interest of depositors.

A shortfall occurs when they fail to keep enough aside to meet these obligations.

By March this year, banks were required to set aside Tk 275,103 crore in provisions. But they managed only Tk 104,448 crore, leaving a shortfall of Tk 170,655 crore, according to the Bangladesh Bank (BB) data.

A year earlier, the shortfall stood at Tk 26,585 crore, while it was Tk 106,130 crore at the end of December last year.

BB officials said the spike in non-performing loans (NPLs) has driven the shortfall. High levels of bad loans mean banks need larger provisions, which eat into profits.

They added that a provision shortfall also points to weak financial management.

Bad loans in the banking sector reached a record Tk 420,335 crore at the end of March.

Compared with a year earlier, the amount more than doubled, although total loans rose just 6.2 percent over the same period.

Alone in the first quarter of this year, bad loans jumped by Tk 74,570 crore. As of March, total loans in the banking sector amounted to Tk 1,741,992 crore, of which 24.13 percent were classified as non-performing.

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Iran-Israel war may pose new challenge to RMG sector: BGMEA

STAR BUSINESS REPORT

The ongoing conflict between Iran and Israel may present a fresh challenge to Bangladesh's readymade garment (RMG) sector, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The tension could drive up the cost of doing business, warned Mahmud Hasan Khan Babu, the platform's newly elected president.

In his inaugural address at the BGMEA office in Dhaka yesterday, Babu said the conflict might trigger a surge in global oil prices, which would, in turn, increase operational expenses for the country's key export-oriented industry.

Babu's panel, Forum, secured victory in the BGMEA election for the 2025-2027 term, held on May 31.

He identified several other pressing challenges facing the garment industry, including reciprocal US tariffs, India's suspension of transshipment facilities for Bangladeshi goods, high inflation, rising wages, elevated bank interest rates, and soaring energy costs.

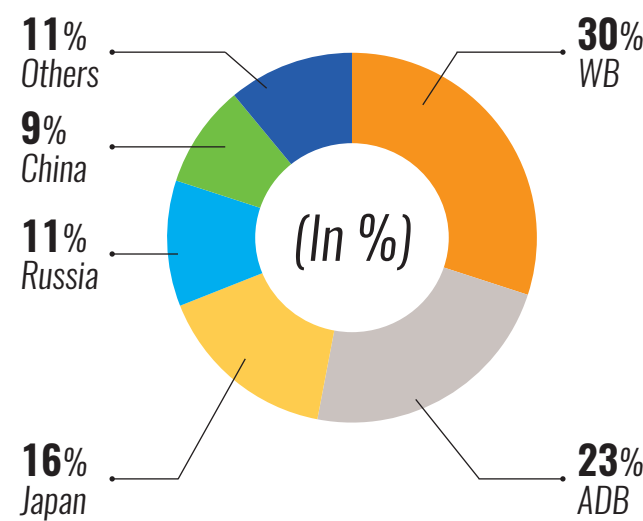
Babu pledged to work towards overcoming these obstacles. As part of his panel's electoral commitments, he vowed to advocate for the establishment of a dedicated ministry for the garment sector.

Furthermore, his board committed to supporting the recovery and development of small and medium enterprises (SMEs), addressing the impacts of Bangladesh's graduation from the Least Developed

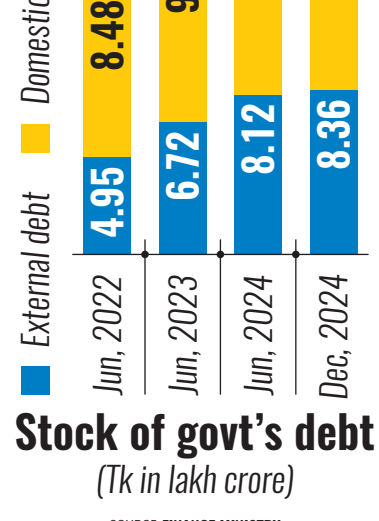
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Outstanding debt up 3% in first half of FY25

Govt's external debt liabilities to major financiers



Stock of govt's debt (Tk in lakh crore)



REJAUL KARIM BYRON and ASIFUR RAHMAN

The government's total outstanding debt has increased by 2.93 percent in the first six months of the current fiscal year till December 2024 and reached Tk 1,944,171 crore, which is increasing the pressure of debt servicing in the budget.

The outstanding debt, both local and external, is increasing gradually. It was Tk 1,344,443 crore till June 2022 and reached Tk 1,888,787 crore till June 2024.

Of the total outstanding debt, foreign loans accounted for about 43 percent or Tk 836,658 crore till December last year. It was Tk 495,793 crore in June 2022.

According to the Quarterly Debt Bulletin released yesterday, the government planned to focus on increasing reliance on the domestic debt market to reduce foreign currency exposure risks in the medium term.

"But, as the liquidity position in the financial market remains tight, there will be some

challenges to implement the strategy," it said.

Bangladesh still has access to concessional external financing and prefers this mode of financing, inclusive of concessional and non-concessional terms, said the bulletin.

It said the country has been gradually facing exposure to non-concessional loans by official creditors due to persistent economic development and higher per capita income in recent times.

Moreover, it said, the cost of borrowing from commercial lenders has been increasing due to global monetary tightening, high domestic inflation and depreciation of the local currency.

It is expected that inflation would decrease substantially in the next fiscal year, and the currency exchange rate would be stabilised due to the current initiative by the central bank.

According to the bulletin, the majority of the external debt is denominated in US dollars, which accounts for around 53 percent of the

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Ctg port sets new container handling record

STAR BUSINESS REPORT

Chattogram port has set a new record for container handling, surpassing last year's total even before the current fiscal year ends in June, according to a statement by the Chattogram Port Authority (CPA) yesterday.

By June 15, the port had handled 3,171,779 TEUs (twenty-foot equivalent units), edging past last year's total of 3,168,690 TEUs and marking a 4.63 percent year-on-year rise.

This growth came despite serious disruptions to the country's foreign trade over the past year, the CPA said.

Container operations were hampered for nearly two months due to several domestic issues, including the mass uprising in July, prolonged flooding, a pen-down programme by customs officials, and a transport strike.

The statement added that Eid holidays, extended port closures, and transshipment restrictions linked to policy changes in India also hit port activities.

On the global front, maritime trade continued to face headwinds amid geopolitical tensions such as the Russia-Ukraine war, high freight charges, and weather-related disruptions across Europe.

In the face of these challenges, Chattogram port achieved the record through a series of strategic steps, according to the CPA.

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Govt to nearly double food storage capacity

The capacity will be 37 lakh tonnes, up from the existing 22 lakh tonnes



SUKANTA HALDER

The interim government has planned to nearly double its public food storage capacity to 37 lakh tonnes in the next fiscal year.

The aim is to strengthen food grain management so that the government can better intervene in the market to stabilise staple prices and increase distribution among low-income people under various social protection schemes.

Experts said the government's ability to intervene in the market would improve if it is able to successfully implement the plan.

In his budget speech, Finance Adviser Salehuddin Ahmed announced that an action plan has been adopted to enhance food warehousing capacity and strengthen institutional capability in food grain management in the upcoming fiscal year.

Food security is a major concern for this densely populated country,

and reducing inflation and ensuring food security are among its main priorities, he said.

Currently, Bangladesh has the capacity to store about 22 lakh tonnes of food grains, said Md Mahbubur Rahman, director for the Movement, Storage and Silo Division at the Directorate General of Food.

The government has taken the initiative to expand storage capacity as public food distribution under various programmes has been increasing gradually.

The government distributes food grains through open market sales and food-friendly programmes.

As of May 31 of the current fiscal year, the government distributed 30.30 lakh tonnes of food, whereas the target for the full year was 34 lakh tonnes.

The figure stood at 29.07 lakh tonnes for the same 10 months of the previous fiscal year.

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Oil prices fall even as Israel-Iran strikes extend into fourth day

AFP, Hong Kong

Oil prices retreated on Monday as fears of a wider Middle East conflict eased even as Israel and Iran pounded each other with missiles for a fourth day and threatened further attacks.

Gold prices rose back towards a record high thanks to a rush into safe havens but equities were mixed amid hopes that the conflict does not spread.

Investors were also gearing up for key central bank meetings this week, with a particular eye on the US Federal Reserve and Bank of Japan, as well as talks with Washington aimed at avoiding Donald Trump's sky-high tariffs.

Israel's surprise strike against Iranian military and nuclear sites on Friday – killing top commanders and scientists – sent crude prices soaring as much as 13 percent at one point on fears about supplies from the region. However, concerns over the conflict spreading appeared to have eased, with prices retreating in Asian trade.

Gold prices rose back towards a record high thanks to a rush into safe havens but equities were mixed amid hopes that the conflict does not spread.

Analysts had warned that the spike could send inflation surging globally again, dealing a blow to long-running efforts by governments and central banks to get it under control and fanning concerns about the impact on already fragile economies.

"The knock-on impact of higher energy prices is that they will slow growth and cause headline inflation to rise," said Tony Sycamore, a market analyst at IG.

"While central banks would prefer to overlook a temporary spike in energy prices, if they remain elevated for a long period, it may feed through into higher core inflation as businesses pass on higher transport and production costs.

"This would hamper central banks' ability to cut interest rates to cushion the anticipated growth slowdown from President Trump's tariffs, which adds another variable for the Fed to consider when it meets to discuss interest rates this week."

Both main oil contracts were down, giving up earlier gains in Asian trade.

One in three factories in Ctg BSCIC estates stand idle

Poor utilities, bad roads and inadequate safety leave industries gathering dust



An aerial view of the Kalurghat BSCIC industrial area. Many factories in the zone have shut due to poor road links, unreliable power supply, weak security and high service charges, according to industrialists.

PHOTO: RAJIB RAIHAN

MOHAMMAD SUMAN and ARUN BIKASH DEY

One in three factories on six industrial estates of the Bangladesh Small and Cottage Industries Corporation (BSCIC) in Chattogram now lie idle, gathering dust due to the absence of basic infrastructure such as reliable gas and electricity, and poor access roads.

Small and medium entrepreneurs, who set up shop on these estates lured by affordable land and the promise of better utilities, now find themselves struggling with crumbling facilities.

Industrialists say the vision that once inspired these zones now risks becoming a relic of the past.

Mostly established between the 1960s and 1990s, the six BSCIC estates are Kalurghat-1, Kalurghat-2, Fouzdarhat, Sholoshahar, Patiya and Mirsharai.

They were built to support small and medium businesses. But today, only 245 out of 374 allocated plots house active factories.

Fewer than 86 of them export goods, while around 34 percent of factories across these estates have fallen silent, held back by poor road links, inconsistent power supply, weak security, and high service charges.

Khan Accessories, for instance, owns two 4,500 square feet plots in the Mirsharai estate. Although the firm invested Tk 5 crore in a carton-box factory, production has yet to begin, hamstrung by unreliable supplies of essential inputs.

"The estate suffers from chronic shortages of electricity and water," said Abdul Jalil, managing director of Khan Accessories.

He also pointed to the lack of government incentives and limited access to bank loans as key obstacles.

NGK Auto Rubber Products in Mirsharai estate also offers a similar story. The company received two plots totalling 8,100 square feet to manufacture rubber goods, but has not yet been able to start production.

Managing director Amol Barua blamed frequent power cuts, and offering power lines actually meant for homes rather than factories.

Although the Mirsharai estate was

inaugurated in 2017 to attract modern industry, only eight out of its 88 plots have so far begun production.

Across all six zones, plots are often acquired speculatively, then transferred to others without any factory being built.

One such example is a 13,205 square feet plot in Sholoshahar, leased to Sadeq Silk Mills over two decades ago.

After a lease default, the land was auctioned off to Glory Industries in 2014. Yet no factory has emerged, as legal tangles and logistical hurdles remain unresolved, even though neighbouring plots are thriving.

an exporter to North America and Europe, has remained closed since 2016. Although Alif Group acquired it in 2021, full operations and exports have yet to resume.

Well Group stands out as a rare success story, continuing its long term presence in Kalurghat.

Nurul Islam, the company's chief financial officer, recalled how BSCIC's affordable land and utilities were once a draw, but said conditions have deteriorated.

"Roads are unusable, security is poor, and theft is common when factories are closed," he said.

BSCIC ESTATES IN CTG AT RISK OF BECOMING RELICS

THE ESTATES

- Established: 1960s-1990s
- Purpose: Support SMEs

CURRENT STATUS

Plots allocated **374** | Factories on **129** plots inactive

ZONES

- Kalurghat-1
- Kalurghat-2
- Fouzdarhat
- Sholoshahar
- Patiya
- Mirsharai

WHY MANY FACTORIES REMAIN IDLE

- Narrow, potholed access roads
- Unreliable gas, power supply
- High service charges
- Poor factory security
- Inflated transfer prices for unused plots

Such inactive plots block new businesses and fresh investment.

Even the older estates, such as Kalurghat, which began in the 1960s and expanded through the 1990s, have seen better days. Of 326 plots allocated to 159 industries, only 122 are operational.

In Kalurghat, among the early entrants was C&A Group, which since 2000 had occupied nine plots for knitting, dyeing, printing, packaging and garments.

The firm shut down after defaulting on loans. Its subsidiary, C&A Textiles Ltd, once

Islam also criticised service charges at BSCIC, which he said are four times higher than taxes on private land but without matching services, making private plots more appealing.

The Chattogram District Office of BSCIC admits that limited funds make proper maintenance difficult.

SM Alamgir Quadery, deputy general manager of BSCIC, said that the budget is so tight that repairs focus only on the worst roads.

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Should banks invest in govt securities?

ASIF KHAN

There is a growing debate in Bangladesh over whether banks' heavy investment in treasury securities, instead of lending to the private sector, reflects a failure of the sector. After all, we have long understood that banks are supposed to lend to businesses, entrepreneurs and individuals to help drive economic growth. With private sector credit growth dwindling at 7.5 percent, some are calling for penalties or restrictions on banks that invest in treasury securities.

But the reality is far more nuanced. In fact, banks allocating capital to government securities under current conditions is entirely rational and even desirable, given the broader economic, financial and regulatory context that shapes their decisions.

The primary role of monetary policy is to regulate aggregate demand by influencing the cost and availability of credit in the economy. When the Bangladesh Bank raises policy rates, currently at 10 percent, its goal is to curb excessive credit expansion, limit borrowing and cool inflationary pressures.

If banks were still expanding credit rapidly at these high rates, that would actually indicate a failure of monetary policy, as the intended tightening would not be taking effect. Instead, the slowdown in private sector credit growth confirms that tighter monetary conditions are working as intended.

Banks are doing what monetary policy has encouraged them to do, which is to be more cautious in their lending decisions. Banks, like any profit-driven institution, respond to risk and return trade-offs. With government securities offering attractive yields, such as 91-day bills yielding around 12 percent, it is economically rational for banks to allocate more of their portfolios to these instruments. This is particularly true in a high risk macroeconomic environment where private borrowers may be struggling with profitability or creditworthiness.

Banks have a duty to protect their depositors' funds and maintain financial stability. If policymakers want to change this behaviour, the solution lies in adjusting incentives, not in criticising banks for playing by the current rules. This could mean lowering policy interest rates to reduce the cost of government borrowing. It could also involve cutting fiscal deficits to lessen the government's borrowing needs and reduce bond issuance, making government securities less dominant in the financial system.

Another overlooked factor is capital adequacy. Following the 2008 global financial crisis, banks in North America and Europe sharply reduced lending to strengthen their capital buffers and protect themselves against future shocks. Bangladesh's banking sector is facing a similar capital shortfall today, with many banks under pressure to improve balance sheet health and meet regulatory requirements.

Government securities offer a low-risk, capital-efficient investment option that helps stabilise bank portfolios without adding to credit risk. In this context, investing in treasuries is not a sign of negligence or complacency. It is a prudent and responsible move under conditions of regulatory and financial stress.

This pattern of behaviour is by no means unique to Bangladesh. It is a common outcome in countries that run tight monetary policies to control inflation, while maintaining liberal fiscal policies that require sustained government borrowing. In many economies, particularly following a rise in bad loans or a financial crisis, banks have shifted their portfolios towards government securities in much the same way.

Banks investing in government securities is not inherently wrong, inefficient or harmful. It is a rational response to high policy interest rates, elevated government borrowing, weak private sector demand and ongoing capital adequacy issues. Rather than viewing this as a structural flaw of the banking sector, it should be seen as a predictable outcome of current macroeconomic policies. The path forward lies in coordinated monetary and fiscal reforms that align incentives and create conditions for sustainable credit growth. Blaming banks for responding logically to the policy environment will not address the underlying challenges.

The writer is the president of CFA Society Bangladesh and co-founder of EDGE AMC Limited.



Middle East conflict slows tanker bookings

REUTERS, Singapore

The costs of chartering tankers to move oil from the Middle East to Asia have climbed and ship bookings have slowed as the Israel-Iran conflict fuels worries of potential disruptions, industry sources told Reuters on Monday.

The global benchmark rate for a very large crude carrier (VLCC) moving oil from the Middle East Gulf (MEG) to Japan, known as TD3, rose over 20 percent on Friday after the tensions broke out, according to LSEG data.

On Monday, the MEG-Japan rate for crude held steady at about W55 on the Worldscale industry measure, according to a shipbroker.

However, further gains in freight rates were limited as traders, shipbrokers and charterers take a wait-and-watch stance even as market participants said they did not expect the Strait of Hormuz, a key shipping passage, to be shut.

"Fixing on Friday from the region all but came to a standstill. Physical marks may therefore not be indicative. Ships inside the gulf are still looking for outbound charters," said Anoop Singh, global head of shipping research at Oil Brokerage.

"But the situation remains dynamic, and we expect to hear more on market open today," said Singh.

"We have noted a minor increase in freight rates so far, but expect them to rise further as the week progresses," according to Sentosa Shipbrokers.

Emril Jamil, senior analyst for crude and fuel oil at LSEG Oil Research, said freight rates will depend on any continued escalation and potential action by Iran on the Strait of Hormuz.

US pushes Vietnam to decouple from Chinese tech, sources say

REUTERS, Hanoi

The United States is pushing Vietnam in tariff talks to reduce the use of Chinese tech in devices that are assembled in the country before being exported to America, three people briefed on the matter said.

Vietnam is home to large manufacturing operations of tech firms such as Apple and Samsung, which often rely on components made in China. Meta and Google also have contractors in Vietnam that produce goods such as virtual reality headsets and smartphones.

The Southeast Asian nation has been organising meetings with local businesses to boost the supply of Vietnamese parts, with firms showing willingness to cooperate but also warning they would need time and technology to do so, according to one person with knowledge of the discussions.

The Trump administration has threatened Vietnam with crippling tariffs of 46 percent which could significantly limit access for Vietnam-made goods to their main market and upend the Communist-run country's export-oriented growth model.

Vietnam has been asked "to reduce its dependency on Chinese high-tech," said



This photo shows workers assembling electric motorbikes at the Selex factory in Hanoi. Vietnam is home to large manufacturing operations, which often rely on components made in China.

PHOTO: AFP/FILE

one person familiar with the discussions. "That is part of the restructuring of supply chains and would in turn reduce US dependency on Chinese components,"

the person added.

The ultimate objective is to speed up US decoupling from Chinese high-tech while increasing Vietnam's industrial

capacity, a second person said, citing virtual reality devices as an example of Vietnam-assembled products that are too dependent on Chinese technology.

All sources declined to be identified as the discussions were confidential. Reuters was not able to learn if the US has proposed numerical targets such as caps on Chinese content for "Made in Vietnam" goods or different tariff rates based on the amount of Chinese content.

Apple, Samsung, Meta and Google did not reply to Reuters requests for comment. As the US-imposed deadline of July 8 nears before the tariffs take effect, the timing and scope of a possible deal remain unclear.

All sources stressed that while the US has made broader requests for Vietnam to reduce its reliance on China, tackling the issue of Chinese high-tech content in exports was a key priority.

Last year, China exported around \$44 billion of tech such as electronics components, computers and phones to Vietnam, about 30 percent of its total exports to the country. Vietnam shipped \$33 billion of tech goods to the United States or 28 percent of the US-bound exports. Both flows are on the rise this year, according to Vietnam's customs data.