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 **1,741,992***cr*
Amount of bad loans: Tk **420,335***cr*
Ratio of bad loan: **24.13%**
Provision against bad loans required: Tk **275,103***cr*
Provision maintained: Tk **104,448***cr*
Shortfall: Tk **170,655***cr*

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-

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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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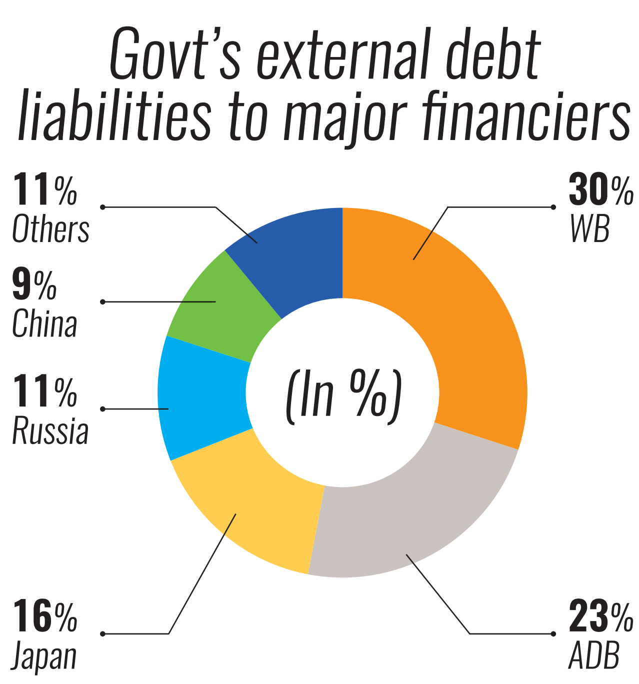
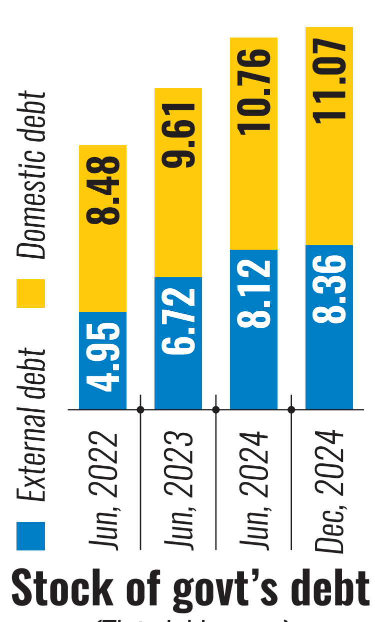
Outstanding debt up 3% in first half of FY25





Stock of govt's debt
(Tk in lakh crore)
SOURCE: FINANCE MINISTRY

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 trans-shipment 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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