DHAKA WEDNESDAY AUGUST 6, 2025, SRABAN 22, 1432 BS ● starbusiness@thedailystar.net

Star BUSINESS

Govt tightens foreign loan rules amid poor project fund use

REJAUL KARIM BYRON

The government has tightened its control over new foreign loans by introducing multiple preconditions for ministries and divisions, following their poor performance in using funds already in the pipeline.

The new conditions include land acquisition, submitting a resettlement plan, preparing a detailed component-wise cost estimate, and finalising draft tender documents prior to implementation, according to an official circular issued last week.

This development comes after ministries and divisions spent only 13.57 percent of the project-related portion of foreign aid in the fiscal year (FY) 2024-25, despite starting the year with a $42.85 billion aid pipeline, according to the Economic Relations Division (ERD).

During the recently concluded fiscal year, $8.57 billion in foreign aid was disbursed in total. Of that, just $5.42 billion, or 13.57 percent, was used for project funding. The remainder was spent as budget support from development partners.

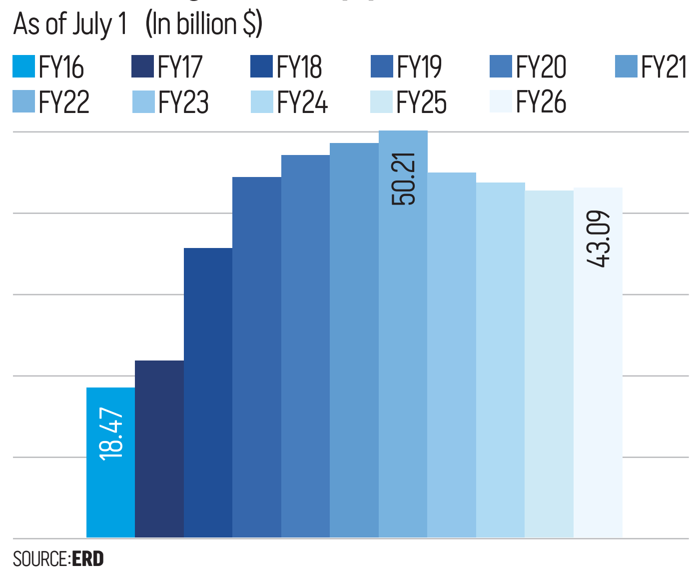
A 20 percent utilisation rate is generally considered satisfactory in a fiscal year.

Bangladesh has historically been slow in using its aid pipeline for projects, although budget financing has seen relatively better uptake.

This is because development partners usually release budget support loans immediately after conditions are met and approvals are granted.

In the last fiscal year, four foreign lenders, including the World Bank and the Asian Development Bank (ADB), disbursed $2.75 billion in budget support, which was released promptly upon approval.

Unused foreign loans in pipeline
As of July 1 (In billion $)



New conditions for foreign funding

- Get ECNEC's green light for the project plan (DPP)
- Hire all key personnel, including a project director
- Finalise land acquisition to clear the way for construction
- Calculate project costs and prepare tender documents for bids
- Secure the finance ministry's approval for the foreign loan agreement terms

LOANS IN PIPELINE FROM MAJOR FINANCIERS (In billion $)

World Bank: **9.31** | Japan: **7** | Russia: **4.72**
ADB: **4.04** | China: **3.47** | India: **5.74**

When government agencies fail to implement projects on time, the country ends up paying higher commitment charges and facing rising project costs.

Although most foreign-funded projects are designed to be completed within five years, many agencies consistently fall short of the minimum annual implementation rate of 20 percent.

To solve this, the ERD last week introduced a set of mandatory conditions that ministries and divisions must meet before signing any loan agreement for a foreign-funded project. The goal of the new conditions is to reduce delays and improve project readiness.

One of the main conditions is that the implementing agency must complete all land acquisition before implementation begins.

A resettlement plan for affected people must also be submitted to the concerned ministry.

Besides, project authorities must prepare detailed cost estimates by component and submit draft tender documents. The entire tendering process, from initiation to contract awarding, should be ready before signing the loan agreement.

Clearance from the Finance Division is also needed on the terms of both the negotiated loan agreement and any subsidiary agreements with development partners.

Moreover, a clear, time-bound agreement must be in place with service-providing authorities for relocating utilities or facilities likely to be affected during construction.

UTILISATION SCENARIO FOR KEY LENDERS

Among multilateral development partners, the World Bank provides the largest volume of loans to Bangladesh and at the lowest interest rates.

In FY25, it disbursed $2.01 billion, of which $750 million was budget support.

Excluding the budget support, only 14.44 percent of the World Bank's project loan pipeline was utilised.

Despite holding quarterly tripartite meetings between the line ministries, ERD, and the World Bank to improve the situation, little progress has been made.

As a result, nearly $1 billion was re-purposed from slow-moving projects and redirected to new or existing ones during the first half of the current fiscal year.

Due to delays in fund utilisation, the undisbursed amount in the World Bank pipeline continues to grow. An additional $833 million was added last year, bringing the total to $9.31 billion at the beginning of July.

The ADB, however, recorded better utilisation. It disbursed $2.52 billion last fiscal year, including $1.5 billion in budget support. Excluding that, 22.44 percent of the pipeline was utilised.

READ MORE ON B3

Over 10,000 taxpayers file e-returns on first day of tax season

STAR BUSINESS REPORT

Over 10,000 taxpayers submitted their income tax returns online on Monday, when the associated portal of the National Board of Revenue (NBR) opened for the tax year 2025-26.

According to a press release from the NBR yesterday, 10,202 individual taxpayers visited www.etaxnbr.gov.bd to file their returns on the first day, marking an "unprecedented response".

In contrast, only 2,344 taxpayers had filed returns online when the portal opened on September 9 for last year's tax season.

Officials said the surge resulted from a recent directive prioritising the digital system, which was officially opened by Finance Adviser Salehuddin Ahmed in Dhaka.

On August 3, the NBR issued a special order making it mandatory for individual taxpayers to file their returns online.

However, those aged over 65 years, the differently abled, expatriate Bangladeshis or legal representatives of deceased taxpayers may continue submitting returns in paper.

Anyone facing difficulties in registering with the system need to inform the relevant deputy commissioner of taxes through a written application by October 31.

Subject to approval by the respective additional or joint commissioner, the taxpayer may then be permitted to file the return in paper.

Last year, more than 1.7 million taxpayers submitted their returns online after the NBR made e-filing mandatory for some groups of taxpayers.

READ MORE ON B3

ICDs overwhelmed with export containers

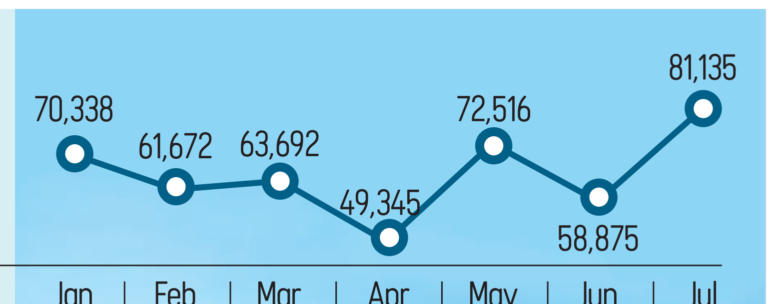
DWAIPAYAN BARUA, *Ctg*

Privately operated inland container depots (ICDs) are grappling with a mounting backlog of export-laden containers, hampering cargo handling operations and pushing storage capacity to the brink.

Operators say the logjam is the result of an unexpected surge in export volumes in July. The problem was further exacerbated by delays in dispatching containers to the port as vessels stayed for longer than usual at jetties over the past month due to a number of disruptions, including a nationwide strike by revenue officials, weeks of customs server disruptions and work abstentions by prime mover operators.

According to the Bangladesh Inland Container Depots Association (BICDA), the country's 19 ICDs were handling 16,390 TEUs (twenty-foot equivalent units) of export containers as of Monday, which more than double their usual comfortable capacity of 7,000 to 8,000 TEUs.

Export containers handled by ICDs
(in TEUs)



Key facts

- 21 private ICDs in Ctg
- 19 ICDs handle 93% of export containers
- ICDs handled 7.50 lakh TEUs of export containers in 2024, up 13.5% yoy

SOURCE: BICDA

PHOTO: RAJIB RAIHAN

> **Transport of export containers to the port also faced delays due to the unavailability of vessels at jetties caused by berthing delay, creating a backlog at the ICDs**

BICDA data also show that the ICDs altogether transported a total of 81,135 TEUs of export containers to the port in the month of July, the highest since January, when they handled 70,338 TEUs of containers.

The volume of export load containers transported from the ICDs to the port every month in the first half of this year was far lower.

In the last calendar year of 2024, the monthly average for the volume of export containers transported from the ICDs to the port stood at 62,546 TEUs.

BICDA Secretary General Md Ruhul Amin Sikder said, "The ICDs usually handle 60,000 to 70,000 TEUs of export containers in a month. But in July, the ICDs saw a noticeable surge in the volume of exports."

"In spite of such a surge, the ICDs managed to handle the additional volume of exports, transported those containers to the port and did not miss that many shipments," Sikder claimed.

According to the officials of several ICDs, apart from the 81,000 TEUs processed and shipped in July, the depots received additional export cargoes and stuffed those into around 18,000 TEUs of containers.

Dous Mohammad, chief executive officer of Portlink Logistics, one of the leading ICDs, said, "The sudden surge in the volume of exports was the main reason behind the pileup of export containers."

Moreover, transport of export containers to the port also faced delays due to the unavailability of vessels at jetties caused by berthing delay, creating a backlog at the ICDs, he added.

A major portion of these export shipments consisted of readymade garments (RMG).

Mohammad said due to uncertainties over an exorbitant hike in tariffs by the US, which is supposed to come into effect from August 7, many RMG owners sent their US-bound export cargoes to the ICDs well ahead of their delivery dates.

The aim was to ship the goods before the higher rate of tariff came into effect, which also added to the surge in the volume of exports, he said.

Khairul Alam Suzan, former vice president of Bangladesh Freight Forwarders Association, was of the same opinion.

"Many US buyers urged the Bangladeshi suppliers to ship their cargo before the August 1 timeline to avoid the additional tariff," he said.

He, however, said RMG exports usually surge between June and August every year, eyeing the winter market in the West.

Sikder of BICDA said such congestion was hampering cargo handling operations inside the ICDs but the depots were trying hard to ensure that shipments were made on time.

Unified promotion policy for state banks introduced

STAR BUSINESS REPORT

In a move aimed at standardising career progression and ensuring transparency across the public banking sector, the Ministry of Finance has introduced a formal promotion policy for employees of state-owned commercial and specialised banks.

The Promotion Policy 2025, announced through a ministry circular recently, marks the first comprehensive framework for career advancement in these institutions.

The policy is expected to bring long-awaited clarity to thousands of banking professionals working in these institutions for years without a clear promotion structure.

The policy seeks to address longstanding issues related to inconsistencies in promotion standards and unclear evaluation systems, according to the circular.

The newly approved policy will be applicable for employees of six state-owned commercial banks—Sonali Bank, Rupali Bank, Janata Bank, Agrani Bank, BASIC Bank, and Bangladesh Development Bank PLC.

It will also cover staff at three specialised banks—Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, Probashi Kallyan Bank, Karmasangsthan Bank, Ansar-VDP Unnayan Bank, and Palli Sanchay Bank.

STATE-OWNED BANKS PROMOTION CRITERIA

Under the new rules, employees who meet the criteria set out in their respective bank's service regulations must be considered for promotion to the next higher grade.

Before promotions are processed, each bank must prepare a grade-wise seniority list with the approval of the relevant authority.

Promotions will be based on a mix of performance indicators, including educational qualifications, service record, merit and efficiency, completion of relevant training, demonstrated integrity and seniority.

However, employees with a poor performance record during the last three years in the feeder post will not be considered for promotion.

The circular states various indicators to determine unsatisfactory performance, including having adverse remarks in annual confidential reports that have not been expunged by the appropriate authority.

Other indicators include being convicted in a departmental proceeding with the disciplinary action still in effect or being charge-sheeted or convicted in a criminal case.

Besides, if an employee has been accused in a departmental or Anti-Corruption Commission (ACC) case, is facing a criminal trial or is under arrest, he or she will be ineligible for promotion until the final judgment is delivered.

It also states that in the case of minor disciplinary measures, promotions shall not be considered for a period of one year from the date the employee fulfils the disciplinary measure.

In the case of major punishments, promotions shall

READ MORE ON B3