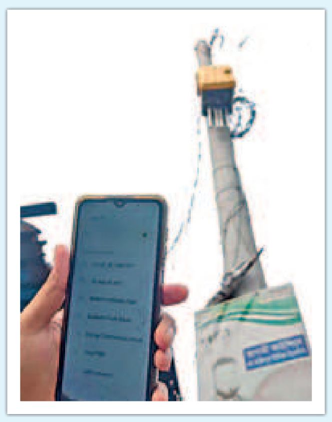
Star BUSINESS

SOCIAL OBLIGATION FUND OVERVIEW



- Established in November 2011
- Accumulated over Tk **3,558** crore from inception to 2024
- **35** percent of the total fund remains idle
- Seven major projects were undertaken between 2018 and 2021 under the fund
- The fund remained dormant for nearly eight years
- Political bias led to a heavy concentration of projects in Gopalganj
- Rules were violated in one project by splitting tenders among bidders

STRATEGIC RECOMMENDATIONS IN THE WHITE PAPER

- Increase the mandatory contribution rate to 1.5 percent of revenue
- Reduce the ministry's control to ensure neutrality
- Integrate large projects into the ADP
- Require third-party impact studies for every project budget

Digital dream, paper reality

A Tk 3,500cr fund from mobile operators promised internet for remote areas, but 14 years later, most projects exist only on paper

MAHMUDUL HASAN

When the Social Obligation Fund (SOF) was created in 2011, it was meant to finance internet access in faraway districts and remote places the market would not reach.

Fourteen years and gathering more than Tk 3,500 crore later, a government-appointed white paper concluded that the fund has yielded few results.

And the culprits, according to the paper, are prolonged inaction, weak oversight, and politically influenced spending. These altogether have left large sections of the country still disconnected.

The white paper on the telecom sector, commissioned in April 2025 and published last week, reviewed project documents, financial records, and field inspections conducted by a telecom sector reform taskforce.

It found that the ambitious project, financed through mandatory contributions from licensed telecom operators, suffers from systemic governance failures, including delayed activation, lack of impact assessment, procurement violations and ineffective monitoring.

In multiple cases, infrastructure reported as "functional" was found to be unusable on the ground.

The failures documented in the report are linked to seven specific projects approved under the SOF.

TK 450CR BTCL PROJECT: FUNCTIONAL IN PAPER ONLY

One of the seven projects reviewed by the white paper was a Tk 449.91 crore connectivity initiative implemented by the Bangladesh Telecommunication Company Ltd (BTCL) under the SOF.

The project, officially titled "Expansion of Telecommunication Facilities (Broadband Wi-Fi) for the Underprivileged Population of Remote Areas of Haor and Baor", was scheduled to run from April 2020 to June 2026.

According to project documents cited in the white paper, the initiative aimed to expand broadband access across 64 districts, covering 242 upazilas and 1,470 unions.

BTCL was tasked with installing 12,800 public Wi-Fi hotspots and laying 11,197 kilometres of optical fibre, primarily at government offices, union parishads, schools and health complexes in remote and underserved areas.

The white paper found that a significant number of these installations were either "non-functional" or "unreliable".

The shortcomings are evident in Dinajpur's Fazilpur union. Project documents say the site is "functional" and provides free high-speed connectivity.

During field inspections by the white paper taskforce, however, no Wi-Fi signal could be detected at the location. The same scenario unfolded at multiple other locations.

Local officials told inspectors that the connection is chronically unreliable, forcing them to purchase private internet services out of their own funds to carry out routine government work.

The taskforce cited the findings as evidence that project outputs reported on paper did not translate into usable services on the ground.

Summarising the pattern observed across multiple sites under the BTCL project, the white paper concluded, "The Dinajpur findings expose how weak maintenance capacity, absence of transparent performance auditing, and opportunistic behaviour among implementing partners render even subsidised internet unreachable to its intended beneficiaries."

A DECADE OF INACTION

The SOF was established in November 2011 under the Telecommunication Act (Amendment) 2010.

It requires all telecom operators, including mobile network operators, to contribute 1 percent of their audited gross annual revenue to a pooled fund dedicated to expanding connectivity in underserved regions such as coastal belts, river islands, and hill tracts.

Despite a steady inflow of contributions, the fund remained largely inactive for nearly eight years.

By 2024, Tk 3,558.98 crore had accumulated in the SOF account, yet the white paper states that around 35 percent of the total funds collected over 14 years remained unused due to regulatory bottlenecks and the absence of operational guidelines.

The SOF Management Committee did not approve its first projects until 2018.

"The SOF is a story of delayed activation, underuse, and missed development opportunities," the report concludes.

POLITICAL PATRONAGE AND THE 'GOPALGANJ FACTOR'

One of the findings of the whitepaper is the blatant political bias in how these public funds were allocated. While the fund was intended for the most disadvantaged regions, the geographic distribution of projects tells a story of political patronage.

While Chattogram Division received the largest number of installations, consistent with its hilly and coastal geography, the Dhaka Division accounted for a disproportionately high share despite being the country's most urbanised region.

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Post-larvae import of vannamei restricted

STAR BUSINESS REPORT

The government has suspended all new and existing approvals for the import of post-larvae for vannamei shrimp farming and stressed the need to increase production of indigenous shrimp species such as bagda (black tiger) and galda (prawn).

The decision was made at a high-level meeting held at the Fisheries and Livestock Ministry, chaired by Fisheries Adviser Farida Akhter on January 7.

The meeting was convened to review the environmental, social, and economic impacts of vannamei shrimp farming in Bangladesh, according to a statement from the ministry yesterday.

Vannamei shrimp is an import-dependent species, and importing its post-larvae poses risks of disease transmission, environmental pollution, and adverse impacts on indigenous species, including bagda and galda.

Experts at the meeting added that the unrestricted expansion of vannamei shrimp farming would be harmful. The discussion emphasised that vannamei shrimp farming should be limited to controlled, intensive, and environmentally sustainable methods.

Directions were given to closely monitor the activities of already approved vannamei farmers and to conduct on-site evaluations to ensure proper compliance with farming conditions.

It was decided that until the completion of this evaluation, all new and existing approvals for the import of vannamei shrimp post-larvae will remain suspended.

The meeting further resolved that necessary research would be conducted to assess the environmental, social, and economic impacts of vannamei shrimp farming. Subsequent policy and administrative decisions will be made based on the findings of this research.

According to data from the Department of Fisheries, the annual demand for post-larvae in Bangladesh is approximately 75 crore. In the 2024-25 fiscal year, import permission was granted for 5 crore post-larvae, of which around 70 percent were imported.

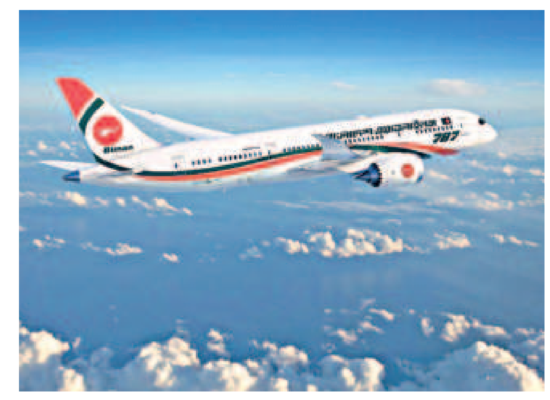
Govt to guarantee Biman's purchase of 14 Boeing aircraft

RASHIDUL HASAN

The government will provide a sovereign guarantee to Biman Bangladesh Airlines to buy 14 aircraft from US planemaker Boeing, as the two sides are likely to sign a deal within this month, sources at the national flag carrier said.

The first aircraft from Boeing for Biman is scheduled for delivery in November 2031, with the remaining aircraft expected to arrive by October 2035, Boshra Islam, general manager of Biman, told The Daily Star yesterday.

A sovereign guarantee is a commitment by the state to cover the debt or financial obligations of another entity if it defaults, reducing risk for lenders and improving access to financing for large or strategic investments.



"The government will give a sovereign guarantee to Biman to get the loan for buying aircraft from Boeing," Boshra said.

Asked about financing, she said Biman will issue a request for proposal to get the loan. "We will get the loan from those organisations that will offer the lowest interest rate," she added.

Biman has posted profits for the fifth year in a row. The state-owned carrier recorded a net profit of Tk 785 crore in the fiscal year 2024–25, a rise of 178 percent from the previous year.

At its annual general meeting on December 30 last year, Biman decided in principle to purchase 14 aircraft from Boeing to expand its fleet and modernise operations. The meeting was chaired by Aviation Adviser Sk Bashir Uddin, who is also the chairman of the national carrier.

Biman currently operates a fleet of 19 aircraft, 14 of which are Boeing-made. Under the new plan, the carrier will buy eight Boeing 787-10 Dreamliners, two Boeing 787-9 Dreamliners and four Boeing 737-8 MAX aircraft.

The interim government earlier pledged to buy 25 aircraft from Boeing as part of efforts to reduce the trade deficit with the United States. Following further evaluation, Biman finalised its decision.

The decision ruled out a competing proposal from Airbus to sell aircraft to Biman.

Under the previous Awami League government, a policy decision was announced to buy 10 Airbus aircraft, Boeing's European challenger. After the fall of Sheikh Hasina's government in the 2024 mass uprising, and amid pressure related to US reciprocal tariffs, the interim government shifted in favour of Boeing.

Board members said the move reflects the need to expand aviation capacity, strengthen international connectivity and meet future passenger and cargo demand.

The final contract with Boeing is likely to be signed within this month, followed by phased delivery of the aircraft, the sources said.

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Ahsan Habib

Star reporter Ahsan wins BSEC Journalism Awards

STAR BUSINESS REPORT

Ahsan Habib, senior staff correspondent of The Daily Star, along with seven other journalists, received the BSEC Journalism Excellence Awards 2025, presented by the Bangladesh Securities and Exchange Commission today.

Habib was awarded first prize in the print media category for his report titled "Beacon Pharma tricked general shareholders."

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Depositors bear the brunt of loan scams

MD MEHEDI HASAN

Careful where you put your money, hoping for steady returns. Let alone interest, depending on the institution, you might even face difficulties in getting the original money back. Even banks that appear financially healthy can fail to deliver promises.

What should be a routine financial transaction has become a source of anxiety for Bangladeshis. The country has long witnessed financial fraud through Ponzi schemes and multi-level marketing companies such as Destiny and Jubok, which had no regulatory oversight.

ANALYSIS

However, banks and non-bank financial institutions (NBFIs) do have a regulator and are required to follow rules and regulations set by that authority – the Bangladesh Bank (BB).

The regulator supervises 61 banks and 35 NBFIs. Any institution seeking to accept deposits or extend loans must obtain a licence from the central bank.

Established in 1971, the BB was tasked with fostering financial stability, promoting transparent governance, and supporting sustainable economic growth.

Yet the recurring difficulties faced by depositors,

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Garment exporters see brighter outlook as election nears

REFAYET ULLAH MIRDHA

KEY TAKEAWAYS

- Western buyers ramp up RMG orders ahead of Feb 12 polls
- Improved political stability expected to increase shipments
- Garment exports grew 0.88% in 2025 to $38.82b
- US reciprocal tariffs on Bangladeshi items set at 20%
- Global supply chains also stabilising gradually

Garment workers make their way to work amid foggy weather. The picture was taken recently at Ulail Bus Stop on Dhaka-Aricha Highway in the Bank Town area of Savar. PHOTO: PALASH KHAN

American buyers are tapping the shoulder of Bangladeshi apparel makers. While exchanging new year greetings, Canadian buyers are also asking them how things are going. Local manufacturers say they are receiving phone calls and emails from buyers in Europe as well.

With less than a month to go before the national elections scheduled for February 12, local garment exporters say big business may be around the corner, as the polls are expected to calm frayed political nerves and improve overall law and order.

"Of course, the election is a major factor in restoring buyers' confidence, as political stability is expected after the polls," said Mostofa Q Sobhan Rubel, chairman of Dragon Group.

Rubel said his company is seeing a rise in inquiries, particularly from US and Canadian buyers for sweater items.

He said orders are increasingly shifting from China to Bangladesh after US reciprocal tariffs on Chinese goods climbed to nearly 50 percent.

Meanwhile, global conditions are also showing signs of improvement as inflation eases and supply chains gradually normalise. Rubel said he expects his exports to grow by about 30 percent this year, up from $20 million in 2025.

Exporters say prolonged political uncertainty, labour unrest in industrial zones months after the uprising and lingering aftershocks pushed many international buyers into a wait-and-see stance, delaying or trimming orders. With the election now in sight, those deferred orders are slowly resurfacing.

That tentative return of buyer interest comes after a subdued year for the local apparel sector.

In the recently concluded 2025, the country's garment exports rose by just 0.88 percent to $38.82 billion, from $38.48 billion a year earlier, according to the Export Promotion Bureau (EPB). The slight increase reflects the combined impact of domestic disruptions and weak global demand.

The improving outlook is also being shaped by easing global pressures.

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