

The Daily Star

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Power crisis exposes risks of heavy reliance on imported LNG

Time to focus on exploring untapped gas

BAD news: there will be no immediate relief from the ongoing spell of power outages. Relatively good news: outages will be scheduled area-wise so that we know when to expect it and make plans accordingly. That's more or less the message for citizens from the prime minister after a gas crisis, which disrupted power generation causing frequent outages over the last few days, has laid bare the fault lines of Bangladesh's 100 percent electricity coverage claims. It has also led to a flurry of coping strategies. Coping is survival 101 – but is this the best we can do?

The PM, besides asking for cooperation from citizens, explained how the power crisis was made inevitable by the harsh economic sanctions imposed on Russia by the West, resulting in serious disruptions in commodity supply as well as sky-high prices, including of fuel. There is no arguing with that. What this meant for a power sector heavily dependent on gas – around 52 percent, to be precise – was reduced gas supply to the power plants, following a decision not to buy liquefied natural gas (LNG) from international sources “until prices come down”. The resulting power crisis has hit both individuals and industries alike, forcing the latter to cut production by as much as 50 percent.

The FBCCI has called for “power rationing” for different industries in terms of their priorities. But what about citizens? Will priorities, too, be set for rich and poor neighbourhoods? This is a multifaceted crisis where ordinary people are at the tip of the spear. Until recently, of the total power produced in the country, 56 percent was used by households. Sooner or later, outage will result in outrage. We need to find a solution beyond power rationing, “austerity in power consumption”, gas imports or unlimited subsidies to pay for them.

Experts say that the present crisis was actually caused by our overdependence on imports. We don't have a natural source of oil but we do have untapped gas. But instead of exploring our gas reserves, the government has mostly relied on imports to ensure our energy security, which has always been a dangerous tactic given the unpredictable trend of fuel price fluctuation on the global market. Even now, most of our plans seem to revolve around imported LNG. Can we ensure our energy security if we keep on relying too much on factors that we have no control over?

We, therefore, urge the government to move away from this overdependence. It must look inward and make gas exploration the mainstay of our energy policy, with an eye on renewable energy. While we try to cope with the new reality, we must not forget to prepare for such eventualities in the future and find a more permanent solution.

Bring container depots under strict monitoring

Sitakunda depot owners, authorities found responsible for June blast

WE'RE perturbed to learn that a number of preventable factors worked from behind to cause the devastating blast at a container depot in Sitakunda, Chattogram in early June, which went on to cause the deaths of 51 people. A government probe body, which has submitted its report after a month of investigation, said that the tragedy occurred, firstly, because of the utter negligence on the part of the owners of the BM Container Depot Ltd in checking on chemicals stored in the containers, and their failure to take steps for quick clearance of the consignment by importers.

Secondly, the port's supervising authorities, who were supposed to periodically check the condition of containers filled with inflammable chemicals, did not do their job properly. They are the ones who should have been able to sniff out possible causes or sources of fire. And finally, the probe body also mentioned the absence of enforcement of laws by the competent authorities in such cases. In plain language, the blame for the deadly blast at Sitakunda goes to owners of the depot and the relevant port authorities.

It is common knowledge that storage of hazardous chemicals in a depot without taking proper safety precautions is a serious offence as it puts the lives of people living nearby in danger. In case of the Sitakunda accident, the blast was originated in one of the hydrogen peroxide-laden containers stored in the open. Those containers were kept there violating related rules and regulations. This reminds us of similar conditions that led to a major fire and numerous deaths at Old Dhaka some years back. Taking advantage of lax monitoring by the authorities, traders stored chemical drums in some rented houses which only proved to be ticking bombs.

While we appreciate that the probe body has submitted 20 recommendations to avoid similar tragedies in the future as well as proposals for amending several existing rules and regulations on depot operations, monitoring and management, we find it problematic that the related laws do not clearly mention which authorities would deal with safety management and monitoring of a container depot, or monitor the compliance of the International Maritime Dangerous Goods (IMDG) code. The investigation, in fact, revealed how the private container depots are running their businesses flouting laws regarding safety measures.

We hope these depots will now be brought under strict monitoring as per recommendations by the probe body. The higher authorities must bring needed reforms and punish those responsible for the Sitakunda tragedy. No dillydallying should be entertained.

The two economic problems we can't seem to overcome



THE OVERTON WINDOW

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THERE are two major economic problems that have been plaguing Bangladesh for a long time: Rising non-performing loans (NPLs), and money getting laundered out of the country in droves.

These have persisted for years, and have likely been contributing to many of Bangladesh's other problems.

Only recently, the finance minister revealed in parliament that the amount of defaulted loans in Bangladesh had crossed Tk 126,389 crore. Replying to a question, he said there was no specific information on money laundering from Bangladesh. In regards to his revelation, the recent rise in NPLs, according to experts, has been driven by the withdrawal of relaxed loan classification policy. According to the Bangladesh Bank's latest data, defaulted loans in the banking sector rose 19.3 percent year-on-year in the first quarter of 2022, which is just short of Tk 2,847 crore to reach the amount of the country's highest-ever defaulted loans. So, the measures taken by the central bank such as easing the loan rescheduling and classification rules – through various accounting manipulation – to get rid of NPLs did not work.

According to Dr Zahid Hussain, former lead economist at the World Bank's Dhaka office, the number of habitual defaulters in Bangladesh is going up, contributing to the increase in NPLs. He said large corporations take loans from banks and “because the pressure to return the money is less, they don't repay the loans.” Because the regulators have a history of not punishing errant bank board members, “the boards of the banks often indulge in giving these loans,” whereas it's their job to “be careful about approving” them. This has allowed businessmen to turn “the defaulter trend into a business model.”

And yet, according to a statement by the Centre for Policy Dialogue (CPD), “the current level of NPLs is hardly indicative of reality” due to “the long-standing moratorium on loan classification.” The actual volume of NPLs is “far greater than the official figures,” and “will rise further in the coming days, as loans under the Covid-19 liquidity support packages were not provided in a transparent or accountable manner.”

Meanwhile, the provision surplus of 41 private banks declined by 84 percent, to Tk 796 crore, this March from Tk 5,000 crore in the same month last year. Since it was expected that the banking sector would encounter a wave of defaulted loans once the moratorium expired, the Bangladesh Bank asked banks to be conservative about paying out cash dividends in the last two years. But

siphoned out of Bangladesh between 2005 and 2014, which is equivalent to 20 percent of Bangladesh's GDP in the 2020-2021 financial year. The Transparency International Bangladesh (TIB) reported in 2020 that some USD 3.1 billion, or Tk 26,400 crore, was illegally remitted from Bangladesh every year. No matter which number we look at, it's obvious that an exorbitant amount



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VISUAL:
SALMAN SAKIB SHAHRYAR

then, who really listens to the central bank anymore? They only listen when the central bank asks them to break the rules, which has become common now. So, the banks did not listen and announced higher dividends to their directors even during the pandemic, and despite struggling with defaulted loans. This is another example of how poorly banks in Bangladesh are functioning.

According to Dr Ahsan Mansur, executive director at the Policy Research Institute, it is in no way desirable that banks would declare dividends after making provisioning. And there should be regulations that bar banks from paying dividends unless they meet their deficits. In that regard, the central bank should have formulated a policy, instead of “asking” the banks, knowing that the likelihood of them following through with its request was close to nil.

Returning to the question of money laundering, it is quite shocking that the finance minister would evade giving a straightforward answer. There are plenty of government and non-governmental organisations that have presented numerous estimates.

Just last month, it was reported that funds parked by Bangladeshi nationals and entities in all Swiss banks swelled by 54 percent, to around Tk 8,318 crore. A Global Financial Integrity report says that about USD 61.6 billion were

of money is getting laundered out of Bangladesh.

The Finance Bill 2022, passed in parliament on June 29, is only going to further reward money launderers by continuing to provide amnesty for those who bring back the money they siphoned off or invested abroad, for a nominal amount of tax which will be levied on the amount repatriated. And, of course, these launderers will be able to get this facility without having to answer for their crimes. In other words, according to the new law of the land, this is a lawless land, where crime doesn't pay.

After all this, should anyone be surprised that no one can stop money launderers? Should anyone be surprised that rising NPLs are wrecking our banking sector?

But why have our policies been so accommodative of money launderers and wilful defaulters? The answer probably lies in something that the late finance minister AMA Muhith once said in parliament: What is happening in the banking sector is nothing short of “dacoity” (robbery), and unfortunately, the reason why the government agencies are struggling to stop it is because these people are backed by his own party members.

When policymakers befriend criminals, can you expect crime to pay? The answer is a big, fat “no.”

Every person deserves dignity, even during disasters



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ASHARI, a young mother of two, stands in queue for food relief assistance. The floods have rendered her, and others in her community, helpless. She has her face customarily hidden behind her saree, and approaches the relief provider with some trepidation.

The story that unfolds later is this: There are camerapersons everywhere and Ashari is overwhelmed by the many camera flashes on her face as she tries to hide behind her veil. When she is asked to show her face for a photo while taking the bag of food assistance, she feels thoroughly uncomfortable. Many have fallen prey to the unforgiving lens of the camera, and it is quite often that the lines between relief and respect becomes blurred. Sometimes, some people have to exchange their self-respect for a bag of rice and lentils.

Those who help to bring these people aid at the right time also face many challenges, such as time constraints, pressure to source large amounts of food and basic necessities, and crowd management. If one is to give them the benefit of the doubt, it may be prudent to say that it is only due to these reasons, and not for other selfish motives, that the quality of aid distribution suffers. However, if providers of aid were to dig deeper into their conscience, they may just find some room to improve themselves and their helpful endeavours.

Take, for example, the general make-

up of society. There are a number of classifications in a community, such as elderly persons, the very young, women, the disabled, widows, single mothers, young women, etc. Each person belonging to these classifications comes with their own requirements and it is important to recognise them rather than discriminate against them. An old man should be able to cut the line and move ahead of the able-bodied. The child who has come on behalf of his/her mother should be allowed to receive food for their family. The disabled person should be served closer to their home. It all boils down to preserving dignity – one must be served as per one's needs, and not according to a standardised protocol.

To be honest, there isn't a lot that needs to be done to overcome these challenges. There are certain universal standards, such as the widely used Core Humanitarian Standard, which talks about nine points of basic humanitarian needs. Similarly, culturally, and locally, authorities are well aware of the basic requirements of the people in their communities. Making the simple effort to talk to the local authorities and research universally approved standards can help aid providers and first responders to design care packages that truly adhere to victims' requirements. This can also reduce the problem of overlapping, as most organisations only think of a few common items to give out.

From a humanitarian point-of-view, it is a given to ask people, and to ask in a manner that does not seem forceful, before taking their pictures and painting them as the wretched victims of a natural disaster, or as the ultra-poor looking for help. The people in need of aid will seldom be able to refuse those who are providing that coveted bag of food and necessities. However, no one wishes to

have their pictures taken for such reasons. Unfortunately, this awareness often eludes the parties in-charge of distributing relief goods. If pictures must be taken for documentation purposes, it may be more considerate to take them from angles that do not compromise the receiver's dignity. The idea is much the same for interviews. Words should not be put in a disadvantaged person's mouth simply because it will gather more reads, views, or the sympathy of the masses.

Aid providers do more than simply distribute bags of food. They bring with them a sense of empathy and a feeling of oneness and support for the people whom they serve. However, the picture one sees when they see aid efforts are a little different from that description. Tossing food bags towards the needy or sitting inside a clean dinghy while victims come to receive their packages in waist-deep water are common scenes during organised aid efforts. The way in which help is provided is as important as the help itself. If the victim goes back home with a bag of food and their self-esteem in tatters, the aid in question does nothing for their mental wellbeing or for their hope of a more resilient future.

There are plenty of humanitarian organisations that continue to go forward to help people silently, without flaunting or abusing their advantaged positions, and keeping in mind the fundamental rights of the people, even in dire situations, simply to bring smiles on the faces of the suffering people.

The ongoing relief efforts are appreciated, and all these points of discussion are solely being put forth so that more such endeavours can flourish. They do not, in any way, mean to discount the general goodness of people or their inherent nature to help where help is needed.

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