



**P3** Jinjira Palace: a tale of treachery and negligence



**P7** Myanmar defiant after execution of political prisoners



**P11** BD umpires scaling new heights



**B1** Scams crippling banking sector

## EXTERNAL DEBT SERVICING

# Payment to peak at \$5.15b in 2030

Finds ERD in its projections

REJAUL KARIM BYRON

Bangladesh's foreign loan servicing burden will peak in fiscal 2029-30 with repayment of \$5.15 billion, which experts deem to be very much within the safe territory – quelling fears that the country might become the next emerging economy after Sri Lanka and Pakistan to run into external debt distress.

The projection was made by the Economic Relations Division, which manages foreign debt repayment activities, in May-June as part of the government's updated medium-term debt strategy (MTDS).

This fiscal year, \$2.78 billion would be paid against foreign loans, up from \$2.45 billion last year. Repayment amounts would progressively increase and hit a peak in fiscal 2029-30.

After that, it would successively decline. For instance, in fiscal 2034-35, it would be \$4.45 billion.

Similarly, the country's external debt to GDP ratio would also be contracting.

For instance, it would be 13.4 percent in fiscal 2031-32, down from 18.1 percent in fiscal 2021-22, said the International Monetary Fund in its most recent Debt Sustainability Assessment that was published in March.

Historically, Bangladesh's average external debt to GDP ratio has been 18.7 percent. It is projected to come down to 15.1 percent, according to the IMF's DSA calculations.

"Bangladesh remains at a low risk of external and overall debt distress," the IMF said in the report.

External and domestic debt indicators are below their respective thresholds under the baseline and stress test scenarios, it added.

Subsequently, one of the four strategies earmarked in the government's MTDS, which was finalised this month, entails increasing external financing.

The strategy envisages meeting 36 percent of gross financing needs through external financing at concessional and semi-concessional interest rates.

Semi-concessional financing comes with floating interest rates and concessional financing has a fixed interest rate.

Another strategy entails doubling the share of semi-concessional loans from the current level while maintaining the share of traditional concessional financing.

The updated MTDS also ruled out the possibility of issuing any international bonds, which tipped Sri Lanka's debt burden over the hill.

The publication was presented to the IMF staff mission that concluded its nine-day tour of Bangladesh on July 21. The mission endorsed the strategy, it said in its concluding statement.

"Bangladesh's external debt-GDP ratio is so low that even if the cost of debt rises, the chances of the debt burden becoming unsustainable are minimum," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

However, there are tail risks, which are events with a small probability of happening.

Tail risks mostly come from endogenous factors such as the ongoing Russia-Ukraine war, which has sent the prices of commodities spiralling in the global market, causing a drain on Bangladesh's foreign currency reserves and widening the current account deficit.

"Such a situation cannot be written off," Hussain said.

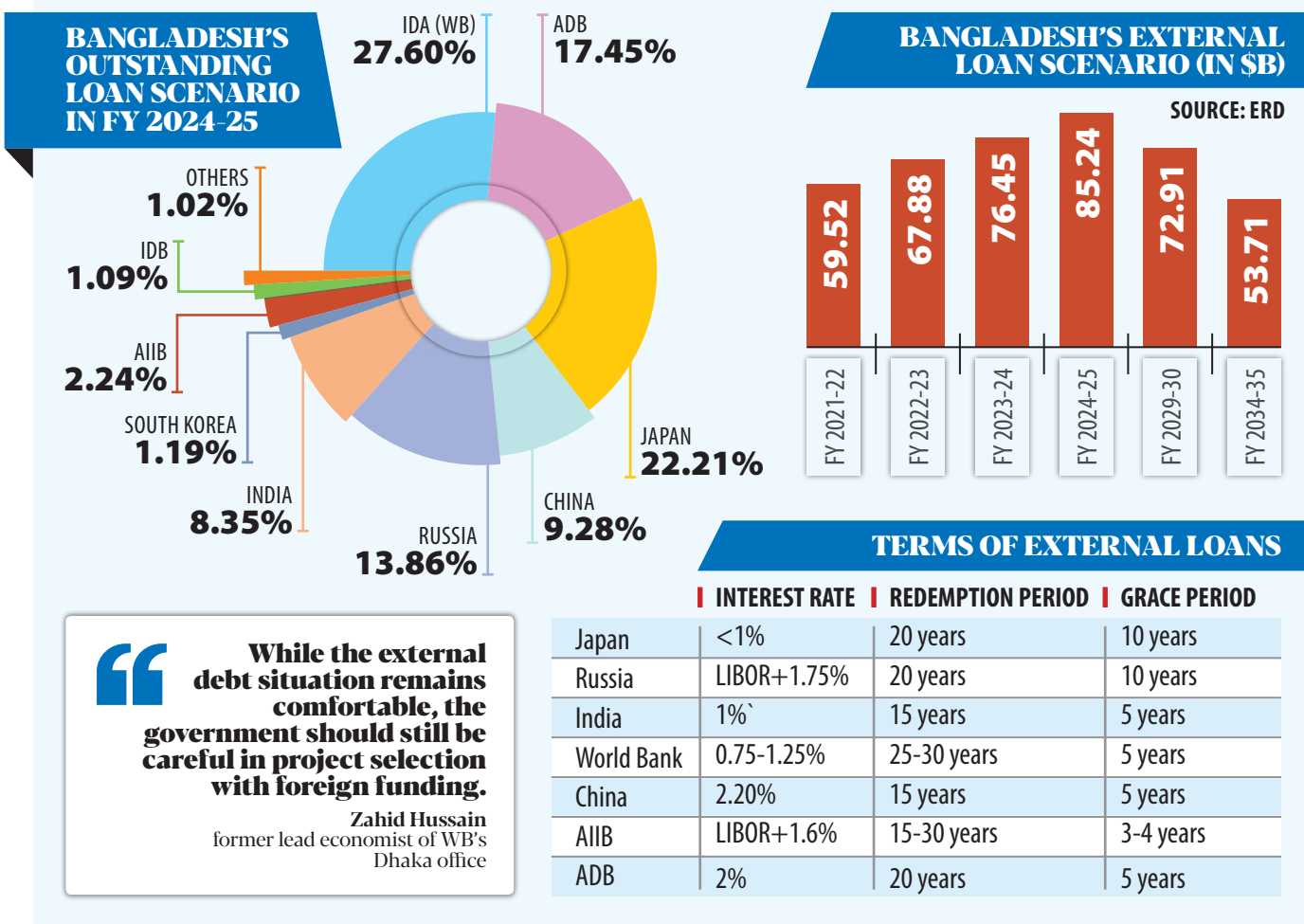
In future, if exports or remittance, the two main sources of foreign currency for Bangladesh, plummet or imports soar, there would be cash flow constraints on the government.

This would make it tricky to service debt on time.

"Austerity measures might be needed then to maintain debt repayment such that the country does not face any problem in getting loans in future," he said.

Since independence, Bangladesh has been able to repay its foreign loans on time and has never applied for rescheduling of instalments, according to the ERD.

SEE PAGE 2 COL 1



## KERB MARKET

# Dollar hits record high of Tk 112

STAFF CORRESPONDENT

The exchange rate of the US dollar against the taka hit a record Tk 112 in the country's kerb market yesterday.

The previous day, each dollar sold for Tk 5 in the kerb market, an unregulated open market where people sell and buy foreign currencies.

The dollar-taka exchange rate in the kerb market has been on the rise from the beginning of the year in the face of greater demand for greenbacks, said a kerb market trader.

People purchased each dollar for less than Tk 100 before the Eid-ul-Azha (July 10).

"We usually purchase dollars from individuals and money exchange houses. But it is quite difficult for us to have the

SEE PAGE 2 COL 5

## Trips only to waste taxpayers' money

Civil aviation officials visited abroad in FY2021-22 spending around Tk 1.5 crore despite govt restriction

RASHIDUL HASAN

At least 39 officials of the civil aviation ministry and Civil Aviation Authority of Bangladesh (CAAB) made over 50 foreign trips in fiscal 2021-22 spending around Tk 1.5 crore of taxpayers' money despite a government restriction.

The officials include Civil Aviation Secretary Mokammel Hossain and CAAB Chairman Air Vice Marshal M Mafidur Rahman, according to a list placed by the ministry before a meeting of the parliamentary standing committee concerned on Monday.

The Daily Star has obtained a copy of the document, which says most of the trips were made to attend seminars, conferences, workshops and dialogues. Some were even to enjoy airshows or product demonstrations.

In the wake of the financial crisis stemming from the coronavirus outbreak, the government had ordered abandoning all routine foreign tours except for those involving emergencies.

On July 1 last year, the finance ministry issued a circular on this, suspending 50 percent allocation for tours, saying the money can only be spent for unavoidable purposes.

The government took the decision on travel allocations in the development and operating budget of all government, semi-government, autonomous and other organisations in the fiscal year to ensure the best use of limited wealth to tackle the Covid impacts.

Yet the officials made the trips, which apparently could have been avoided to save the public money.

For example, CAAB Chairman Mafidur Rahman, who ranked top among all the officials in terms of the number of trips, went to Dubai to enjoy an airshow in 2021. This year, he flew to attend the exhibition titled "Wings of India 2022."

He visited seven countries in total – Spain, France, the UAE, Sri Lanka, India, Saudi Arabia, and Canada – spending around Tk 27 lakh.

SEE PAGE 2 COL 2

## Women outnumber men for first time

Finds latest population census

MOHAMMAD AL-MASUM MOLLA

For the first time, a population census has found that there are more women than men in Bangladesh.

For every 100 females, there is currently around 99 males, according to a preliminary report of "Population and Housing Census 2022" which is the sixth census of the country. It will be officially unveiled in the capital today.

It found that the country has a population of around 16.5 crore, excluding the expatriates. This indicates that the population has grown by 2.1 crore since 2011 when the previous census was conducted.

The census supposed to be held in 2021 was delayed because of Covid-19 pandemic.

The gender ratio in the world in 2021 is 101.68 males per 100 females, according to the world population prospect of the UN.

In Bangladesh, the gender ratio was 100.3 in the previous census while it was 106.4 in the one released in 2001.

Experts said the continued rise in life expectancy of women could be a reason for males to have been outnumbered.

Professor Mohammad Mainul Islam, former chairman of Department of Population Sciences at Dhaka University, said people's migration out of the country could be another reason behind the new gender ratio.

However, the global female population is on the rise, he told The Daily Star.

Among the south Asian countries, females also outnumber males in Nepal where the gender ratio is 95.91.

SEE PAGE 2 COL 5

## Most serious crimes being committed in banking sector

Observes High Court

STAFF CORRESPONDENT

The High Court yesterday observed that the most serious crimes are being committed in the banking sector.

The court wondered if the country will be able to progress at all if the crimes continue to take place.

The HC bench of Justice Md Nazrul Islam Talukder and Justice Khizir Hayat made the observation while hearing a petition filed by four Islami Bank Limited officials, seeking anticipatory bail in a loan-related corruption case involving over Tk 2.3 lakh.

The accused bankers are Abu Bakar, Moniruzzaman Khan, Afjal Hossain and Monowara Khatun.

The court rejected the bail petition and told them that the court would have sent them to jail, but did not as the amount is small.

It further ordered the petitioners to surrender to the trial court concerned in four weeks. Anti Corruption Commission (ACC) lawyer Fowjia Akhter Popy told The Daily Star.

The ACC filed the case with its

SEE PAGE 2 COL 6



Ambulances parked right in front of the emergency section of Dhaka Medical College Hospital have left little room for vehicles arriving with new patients. The photo was taken yesterday.

PHOTO: PALASH KHAN

## 'Won't flip-flop on our promises'

Says CEC, asks parties to observe EC's actions

STAFF CORRESPONDENT

Chief Election Commissioner Kazi Habibul Awal yesterday said the commission will not "flip-flop" on the promises it is making now.



Habibul Awal

He urged political parties to keep faith in the Election Commission and be vigilant and check whether the EC is performing its duties properly.

"What we are promising should have some value. It's not that we're going to flip-flop. That's not supposed to happen," Awal said while meeting the leaders of Jamiat e Ulama e Islam Bangladesh at the EC office in the morning.

"Have confidence in us. And don't keep your eyes closed while keeping the faith in us. Be vigilant. Are we saints or are we dishonest? If you don't keep an eye on that, you are not doing your job properly," he added.

The commission met three political parties at its office yesterday.

Meanwhile, Islami Andolan Bangladesh has become the latest party to skip the dialogues with the EC.

The BNP, Jatiya Samajtantrik Dal (JSD Rab), Bangladesh Kalyan Party,

SEE PAGE 2 COL 2