

MONEY IN SWISS BANKS HC summons BFIU chief over report

STAFF CORRESPONDENT

The High Court yesterday blasted the head of Bangladesh Financial Intelligence Unit (BFIU) for not affixing any signature, designation and address to the report submitted to it on seeking information on money deposited by Bangladeshis with Swiss banks.

“The report has been written on white paper. There is no signature, designation and address [of the head of BFIU] in the forwarding of the report so that his name is not disclosed to the court. It is like catching fish without touching water.

“Why so much fear? It would have been acceptable even if a signature was put to the report. There is no signature or name in the statement of the report which shows sheer indifference. Will any court accept such a document? The court cannot reply on such information. Submission of such papers to the court is very unfortunate,” HC bench of Justice Md Nazrul Islam Talukder and Justice Khizir said during hearing on a suo motu (voluntary) rule on this issue.

Deputy Attorney General AKM Amin Uddin Manik, who placed the BFIU’s report before the HC bench, offered apology to the court on behalf of BFIU, saying that he would submit a fresh statement following the relevant procedures.

The HC bench, however, refused to accept the report, and also summoned the head of BFIU, Md Masud Biswas, to the court at 11:00am today to give an explanation for his role in preparing and submitting the report.

Anti-Corruption Commission lawyer Khurshid Alam Khan told The Daily Star that Masud submitted the report to the HC through the attorney general’s office.

The report was not prepared in accordance with the relevant procedures as the BFIU chief did not put his signature, designation, and address to the forwarding of the report, he added.

The BFIU on August 29 submitted the report to the HC by swearing an affidavit, saying that they sought information 13 times from Switzerland Financial Intelligence Unit through Fgmont Secure Web (FSW) about the money deposited by Bangladeshis with Swiss banks.

Information about 67 persons and organisations was sought, but Switzerland Financial Intelligence Unit conveyed that they had no information about all but one of them.

On August 14, the HC bench said the statements made by the Switzerland ambassador, the Bangladesh government, and the ACC regarding the issue are “contradictory”.

The statement of Swiss Ambassador to Bangladesh Nathalie Chuard, who reportedly said that Bangladesh has never sought any specific information on money deposited by its citizens with Swiss banks, has created an embarrassing situation, the bench said.



A boatload of jute sticks being carried to a market. A bundle of 10-12 pieces of jute sticks, which are used for various purposes, is sold for Tk 12-15. The photo was taken on the Bhairab river in Khulna’s Fulbarigate Kheyaghat on Friday.

PHOTO: STAR

TK 5 CUT IN FUEL PRICES

Won’t make much difference: experts

STAR REPORT

The government’s decision to cut fuel prices by Tk 5 per litre would have little impact on the crisis that people are now facing, said economists and experts.

They criticised the move to reduce the prices by such a trivial amount, saying not much will change.

Bangladesh Road Transport Authority held a meeting yesterday to discuss bus fares in light of the new fuel prices.

Though no decision was made, sources said, fares “might be reduced by Tk 0.05 per kilometre”.

That means if a passenger travels at least 20 kilometres, they could save only Tk 1.

Bus fares were hiked after fuel prices shot up to Tk 40 per km on the long route and Tk 35 per km on the city route earlier this month.

Apart from that, prices of essentials, including rice, lentils, edible oil, salt, vegetable and even baby products, saw a considerable rise within 23 days of the fuel price hike.

Speaking to The Daily Star yesterday, Zahid Hussain, former lead economist of Dhaka’s World Bank office, said, “This [cut in fuel prices] will not have much impact on

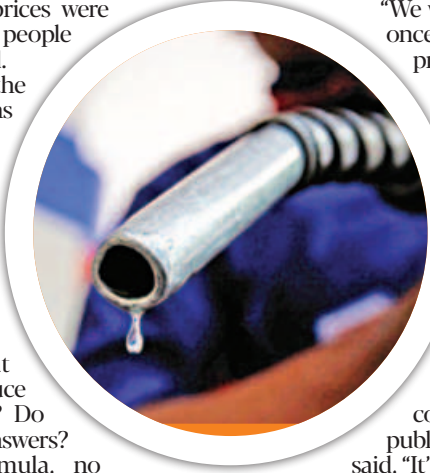
the market. If the prices were reduced further, the people would have benefited.

“All of the government decisions [in this regard] seems to have been taken on an ad-hoc basis, without any homework done.”

He further said, “Prices changing twice in one month is not explainable. Besides, on what basis did they reduce the prices by Tk 5? Do they have any answers? They have no formula, no transparency.

“The government, instead of talking to various stakeholders, is making decisions based on the advice of the bureaucrats... It [the government] is being held hostage by the bureaucrats.”

Nasrul Hamid, state minister for power, energy and mineral resources, in a Facebook status wrote about how the current prices, after reduction, are still a burden for majority of the people.



“We will adjust the prices again once and if the global market prices are slashed.”

He urged the people to be patient.

Meanwhile, hundreds of citizens commented in the negative on his post.

Alabaksh Taher Titu wrote that the decision is a ridiculous one, especially for the poor.

A subscriber of The Daily Star, Rakibul Islam, commenting on the news published in this connection, said, “It’s a mockery at the expense of the general people.”

Another reader, Ismail Hossain, said the government made the move only for the benefit of the businesses.

Prof M Shamsul Alam, vice-president of the Consumers’ Association of Bangladesh, on Monday said the decision has created grounds for businesses to make illicit profits.

“The decision will not affect the prices of any of the [other] products that were raised in line with the record hike.”

12 sued over rapes of two women

OUR CORRESPONDENT, Sylhet

Twelve people, including a former Jatiyatabadi Chhatra Dal leader, have been sued over rapes of two women in Sylhet.

Two cases were filed with Jalalabad Police Station on August 28. No accused was arrested yet.

Of the accused, six were named. They are Rana Ahmed Shiplu, 35; Mohaimin Rahman Rahi, 33; Nabil Raza Choudhury, 35; Jubel, 31; Sujan, 35; and Tanjina Akther Tania, 25.

Nabil is the former joint organising secretary of JCD’s Sylhet city unit while Rana Ahmed is a Chhatra League activist.

According to the case statements, the victims, aged 18 and 25, have been living in a rented flat in Sylhet city for the last couple of months. In that time, they were acquainted with Tania, who is a beauty parlour staffer.

Around 8:30pm on August 23, Tania called one of the victims and said her brother was hospitalised and he needed blood urgently. Both victims rushed to a hospital in Pathantula area. Tania then took them to a hotel room near the hospital.

Ten to 12 men raped them overnight, the statements mentioned.

Madrasa student strangled to death

OUR CORRESPONDENT, Tangail

Police recovered the body of a madrasa student in Tangail’s Mirzapur upazila early yesterday.

The victim, Sifat Miah, 13, is the son of Shahid Miah of Gorail Dakkhinpara of the upazila.

His family members said they learnt that two unknown boys took Sifat with them from Mirzapur level crossing area on Monday afternoon.

Later, his body was found in a field at Trimohoni Majhipara in Mirzapur municipality around 12:30am, they said.

Abu Saleh Mohamad Masud Karim, OC of Mirzapur Police Station, said a complaint was lodged in this connection, and police detained a neighbour for quizzing.

Charges pressed against Evaly MD, two others

COURT CORRESPONDENT

The Criminal Investigation Department has pressed charges against Evaly Managing Director and Chief Executive Officer Mohammad Rassel and two others in a fraud case.

The two others are Rassel’s wife Shamima Nasrin, also chairman of the e-commerce platform, and its category head Moinul Haque.

Investigation Officer Rafiqul Islam on August 29 submitted the charge sheet to the Chief Metropolitan Magistrate’s Court of Dhaka.

On September 16 last year, Arif Baker, a consumer, filed the case against the three, including the couple, with Gulshan Police Station.

Rassel is now behind bars, while Shamima is out on bail.

One third goes to three firms

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The government’s daily power generation data (evening peak) show that the 335MW plant produced nothing in January-February this year, citing gas shortages. It only picked up production in the middle of March, utilising three quarters of its capacity on average. April too was spent producing barely anything, citing the gas crisis.

If a plant is ready to produce power but is sitting idle because the government is unable to supply fuel, it will still receive its capacity charges, which are fixed at the time of signing contracts.

This Summit plant was paid on average Tk 37.8 crore in capacity charges per month for the first three months this year, according to the Power Division data.

Throughout July, the plant cited gas shortages and has been operating at 0.8 percent load factor (ratio of average power generated by the plant to the maximum power that could have been generated). The plant has been inoperative since July 3.

The government’s austerity measures came into effect last month, but that was only for diesel-fired power plants. In July, the government shut 10 diesel-run plants. But it has made no such directives about gas-fired plants.

This Summit power plant in question can run with natural gas and diesel.

While the Summit plant suffered from such gas shortages that it could produce nothing at all, its neighbour, a power plant called Meghnaghat Power Limited (MPL) 450MW, operated consistently, although on average at half capacity.

It was paid Tk 571.7 crore in capacity charges during July 2019–March 2022 – three times less than the Summit plant. MPL 450MW is co-owned by the China Southern Power Grid and China General Nuclear Power.

“The Ministry of Power, Energy and Mineral Resources along with Petrobangla decide on the allocation of gas. Almost 50 percent [of the

country’s gas] is allocated for power generation. Therefore, if Petrobangla is unable to supply gas, independent power producers are not in default,” Summit Chairperson Aziz Khan told The Daily Star this week.

The MPL power plant has been operational for 20-plus years and therefore its capacity payments may be lower, which is typical. As a result, MPL’s tariff could also be lower, he added.

In the power industry, lower capacity charges mean lower tariff rates.

For example, last year MPL’s cost per kilowatt-hour was Tk 2.7, while Summit Meghnaghat’s was Tk 4.2, according to Power Development Board’s Annual Report.

TYPE OF PLANT	% OF CAPACITY PAYMENTS MADE BETWEEN 2019 AND MAR 22
Rental and quick rental	6.84%
Import	10.80%
Public Plant	22.53%
Independent Power Producers	59.83%

“The policy is least-cost generation. The ones that are most expensive will be used the least. The MPL 450MW power plant is one of the best performing – its production cost is very low and its production is very high,” said energy expert Mohammad Tamim.

This means it is cheaper to bench the Summit plant and pay capacity charges than operate it.

According to energy policy expert Prof Enamul Haque, power plants must be disincentivised from sitting idle.

“They have to profit less from sitting idle. Otherwise, they will not be interested in producing power,” he noted.

In a research paper on the impacts of Bangladesh’s collusive power plant contracts, Mushtaq Husain Khan, a professor of economics at SOAS, University of London, reached a

similar conclusion.

The research titled “De-risking private power in Bangladesh: How financing design can stop collusive contracting” analysed 58 private plants between 2004 and 2017.

“These large capacity charges created incentives for interested parties to arrange for orders not to go to these plants as profits were larger by not producing,” the report said.

According to Tamim, capacity payments were sometimes justified, but it needs to be seen if some plants are being given “preferential treatments”.

“I cannot say for sure, but I have seen that some power plants received no demand orders for electricity for the entire year. If the government

wants power but the plants cannot deliver, they have to pay a certain fee. There are allegations that power plants unable to deliver electricity are benched instead of demanding power from them, so as to waive the fees,” he added.

Ashuganj, a town in Brahmanbaria, has the largest collection of power plants within a single area in the country. There are 11 units, of which 10 are gas-fired. One of them belongs to United Group, the power company currently receiving the third biggest chunk in capacity payments.

The 195MW gas-fired United Ashuganj Energy Ltd utilised on an average approximately 15 percent of its capacity between January and March 2022, citing gas shortages, making it the least efficient producer in the area, according to Power Grid Company’s data taken during evening peak hours. The median production of the

plant during these three months was at 4.1 percent capacity and there were many days when the plant produced nothing at all.

Even during this fiscal year, when all Ashuganj plants in operation produced at 60 to 90 percent capacity, the United plant had a plant load factor of 18.6 percent.

Kutubuddin Akhter Rashid, an associate director at United Group, said, “The plant has been operating at 14-15 percent load factor. This is a public-private partnership project. We have told them that the factor needs to be increased. They [the government] keep saying that gas pressure is an issue. We want this plant to be generating at maximum capacity. We have officially communicated the matter with them. They are not increasing it. If we are able to generate at maximum capacity, the electricity produced in that location will be the cheapest.”

The plant was paid Tk 19.9 crore per month in capacity charges between January 2021 and March 2022, government data show.

“For the operators, the one sitting idle and the one in production are both profiting from capacity charges,” said Prof Tamim.

How much is that profit or how much capacity payment is to be paid to a plant depends on the contract between the plant and the government and it differs from company to company. This is why experts say that independent power producers are more expensive than public power plants.

This is evident at the United plant in Ashuganj.

Between January and March 2022, when the 195MW plant’s utilisation was about 15 percent, its neighbour, the 395MW government-owned APSCL thermal plant, had utilisation of about 18 percent.

They were both paid about the same amount in capacity charges during the period, even though the public plant generated a lot more power.

According to Mohammad Hossain,

director general of Power Cell, a wing of the Power Division, the capacity charge paid was proportional to the energy sold by a power plant.

Then why was the smaller United plant paid as much as the government-owned APSCL thermal plant?

According to energy expert Prof Enamul Haque, the capacity payments depend on how fuel efficient the plants are. Public power plants like APSCL are older and so not very fuel-efficient. “That could be the reason why they are getting less.”

APR Energy 300MW is a diesel-fired power plant and it received the fifth-highest amount in capacity payments between 2019 and 2022. It was paid Tk 1,461 crore.

The Power Development Board’s annual report shows that last year (FY20-21) the plant’s load factor was an abysmal 3 percent. In that fiscal year, the plant was paid Tk 526 crore in capacity payments.

Surprisingly, a year before the plant ran at 72.68 percent capacity. In the immediate past fiscal year, it was among those plants sitting idle.

Banglatrac’s two plants with a combined capacity of 300MW received the sixth-highest amount in capacity payments between 2019 and 2022. Its payment totalled Tk 1,454 crore.

One of them, the expensive diesel-run 200MW Daudkandi plant, had a load factor of 2 percent during fiscal year 2020-21. It was paid the same amount in capacity charges that year as the year before when it had a load factor of 43 percent. It was paid Tk 351 crore each year, Power Division data show.

But should plants be kept sitting around?

“It is difficult to justify the need for a power plant, if it is made to sit idle for a majority of the time,” said Tamim.

Hasan Mehedi, member secretary of Bangladesh Working Group on External Debt, a platform of organisations doing power sector research, said if a plant produces less

than 40 percent of its capacity then the government can decommission it, and every power plant agreement has this provision.

“But no one knows why this is not done,” he said.

The PDB chairman could not be reached for comment. Power Division secretary and PDB member, distribution, declined to comment.

Power Cell Director General Mohammad Hossain said these contracts were signed years ago in line with international norms and standards.

“It’s the international practice that idle power plants be paid capacity charges. There is no way to stop their payments under the existing contracts. These terms can be reconsidered in the future,” he said.

Dev projects

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groups and enterprises are looting funds from the government’s development projects with the political patronage, Debapriya said.

After such types of looting, the situation normally changes in the capitalist society by ensuring accountability, proper rule of law, and unbiased administration, he said.

“However, this did not happen in our country as accountability is weak due to a lack of a proper democratic culture.”

As a result, the young generation is seeking opportunities to migrate and the rich also do not invest in the country. Rather they try to keep their money abroad, he added.

The government hardly took any reform measures after 2014 as voices of the people who are the beneficiary of the measures were not strong amid an absence of proper electoral system, Debapriya said.

“Only due to this reason, economists are putting emphasis on a fair election.”

ERF President Sharmin Rinvi and Secretary SM Rashidul Islam were present at the event.