PDB owes private power producers Tk 25,000cr in unpaid bills

STAR BUSINESS REPORT

The government owes private power producers a total of Tk 25,000 crore in unpaid bills with some companies having unsettled payments for more than nine months.

The Bangladesh Power Development Board, the main buyer of electricity from privately owned plants, is hamstrung with a fund crunch and mounting losses.

"The PDB makes small partial payments each month from their revenue collection and support from the finance ministry," Faisal Khan, the president of the Bangladesh Independent Power Producers' Association, said in an interview with The Daily Star.

The dues are building up because of the non-release of the budget approved in the national budget for the power sector, Khan said.

Khan said the government is working on various solutions to pay the huge receivables. "We welcome the government's attempt to find any solution."

A one-off arrangement is required to save the electricity generation sector, he said, suggesting the PDB or the government issue bonds to raise funds.

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The government has issued bonds in the past to raise capital for projects and various other investments.

The Power Division sent a letter, dated December 11, to private power producers, asking them to submit bills.

Speaking to The Daily Star yesterday, Mohammad Hossain, director-general of the Power Cell, termed the owners of the IPPs as an extended family of the power ministry.

He said: "IPPs have been getting payments regularly for the last 10 years. They also know that the government is going through a challenging situation. They are getting payments but it takes time. We hope everything will be fine."

He said the country is going through the challenges that were created due to the Ukraine-Russia war and Covid-19.

"The challenges will remain this year too. But we never let our consumers feel it. We will not burden our customers no matter how deep the challenges are."

The government plans to generate about 17,500 megawatts of electricity this year, he said.

As the fund crunch persists, the government plans to cut the imports of high-sulfur fuel oil (HSFO).

Bangladesh's imports of high sulfur fuel oil are likely to decline in 2024, after dropping about 11.5 percent year-on-year in 2023, pressured by a persistent scarcity of funds and substantial payments outstanding from the government to importers, S&P Global said in a report, citing industry sources.

The fund crunch was also the main reason behind lesser HSFO imports by the private sector in 2023, compared with 2022, when the government banked more on HSFO for power generation as it halted spot LNG imports for seven months between July 2022 and January 2023 due to higher prices.

PHOTO: AKLAKUR RAHMAN AKASH

A farmer is seen picking roses from his field in Shyampur upazila of Savar. Wholesale prices and demand for the flower ballooned yesterday on the occasion of New Year's Eve, with each piece of the local variety selling for as much as Tk 30.

Rose growers see strong start to peak sales season

AKLAKUR RAHMAN AKASH

Rose growers across Savar in the central region of Bangladesh are enjoying good yields and sales of the flower amid the peak sales season this year, with prices having reached sky-high on New Year's Eve.

Numerous villages in various upazilas of the district, including Shyampur and Sadullapur, are affectionately known as Golapgram, or rose village, for being major producers of the flower.

In fact, cultivation is so extensive in the region that some even call Savar a "Rose Kingdom".

However, local rose growers had to count huge losses due to the fallout of Covid-19 while demand remained low in subsequent years owing to ongoing inflationary pressure and political unrest.

But rose farmers found reason to smile yesterday as prices and demand for the flower shot up on the occasion of New Year's Eve, said Sree Babul Proshad, president of the Bangladesh Flower Society.

"We have set a target to sell around Tk 50 crore worth of roses centring the new year celebrations," he added.

Proshad also said that this rise in demand presents a good opportunity for farmers to recoup losses.

"Flower farmers incurred at least 50 percent losses due to the recent hartals and blockades as many programmes, such as weddings, have been postponed," he added.

Currently, around 16,000 farmers cultivate flowers on about 7,000 hectares of land across 24 districts.

Proshad informed that he is selling local roses for about Tk 30 per piece while those of the Chinese variety are going for up to Tk 60 per piece.

And according to the Department of Agricultural Extension in Savar, some 1,500 farmers in the district are involved in commercial rose cultivation on about 275 hectares of land.

Shabed Ali, a flower trader in the Mirpur area of Dhaka, said he has been cultivating roses at his village in Shyampur for the last 30 years.

He cultivates local and Chinese varieties of the flower on 120 decimals of leased land each year.

"The peak sales season is from December to February each year, with rose prices being particularly high before 16th December, 1st January and 14th February," Ali said.

At the wholesale level, local roses are being sold at Tk 7 to Tk 10 per piece while those of the Chinese variety cost Tk 14 to Tk 15 per piece, he added.

Ali informed that he yesterday sent 1,800 roses to the Shahbagh wholesale market, where they sold for Tk 8 per piece. He also sent 300 Chinese roses, which sold for Tk 4,200 in total.

"Earlier, I would cultivate only the local variety but now, I grow the Chinese one as well considering the higher price," he said.

Eklas Mia, another farmer of the same village, said he cultivates various flowers, including roses, on about 300 decimals of leased land.

Eklas told The Daily Star that although flower cultivation remains profitable, the margin is gradually decreasing due to the rise in fertiliser, pesticide and land lease costs.

"Still, rose cultivation is more profitable than other crops," he added.

Fazlu Mia, who buys roses at wholesale from various villages in Savar before selling them to traders in the in Shahbagh area of the capital, said the rose prices grew a bit centring the new year celebrations.

"Depending on size, each rose is purchased from gardens for Tk 7 to Tk 10. So, we wholesalers are counting higher profit thanks to increased prices at the retail level," he added.

Naziat Ahmed, a upazila agriculture officer of Savar, said rose farmers are getting good yields this year thanks to fewer fungal attacks on the gardens.

"Apart from this, rose prices are good. So, farmers are passing happy days," he added.

Tribute to a real entrepreneur

MAMUN RASHID

The recent passing of Mr Fazlur Rahman, the founder of City Group, has left a profound void in the hearts of many who are mourning the loss of an iconic entrepreneur and industrialist.

His journey from humble beginnings to steering City Group into becoming one of the largest conglomerates of the country, epitomised his honesty, relentless work ethic, nurturing of relationships, and genuine love for the people of Bangladesh. More so, the sixth sense he gained over the last 50 years or so.

As he narrated in my entrepreneurship classes at the Institute of Business Administration, North South University, and BRAC University, Mr. Rahman stepped into the business world at a very young age, when his father was afflicted with paralysis, and he had to take responsibility for his family.

After years of struggles, in 1972, Mr Fazlur Rahman founded City Group by establishing a mustard oil production factory. Although the journey was not always easy, over time he turned City Group into a business empire, comprising 40 enterprises.

In the last fiscal year, the group generated revenue of Tk 33,000 crore. Currently, the house is awaiting the final licence for the establishment of its third economic zone. The hi-tech park it is establishing is also going to be a state-of-the-art one.

The impact of Mr Rahman's efforts was recognised at various levels. He received the Daily Star-DHL Bangladesh Business Awards and I remember one of the jury panel members, Governor Fakhruddin Ahmad, enquired who this Fazlur Rahman was.

My one-line reply was: "Mr Fazlur Rahman was possibly the humblest yet so insightful and no-nonsense businessman in the country."

In a recent encounter where I facilitated a meeting with the principal secretary at the Prime Minister's Office, Mr Rahman's determination remained undeterred even as health challenges prevailed. His commitment to empowering the local youth through employment opportunities was evident, as he succinctly conveyed his vision for generating 5,000 jobs through a special economic zone.

His dedication and the potential of City Group to boost employment impressed the principal secretary, who subsequently approved the case, acknowledging the dire need for more visionary leaders like Mr Rahman.

While I was serving as the head of corporate and institutional banking at Standard Chartered Bank, a senior at commodities giant Kuok Group once said: "If anyone understands edible oil business and its distribution channel in Bangladesh that is Fazlur Rahman."

His philanthropic endeavours mirrored his deep-rooted commitment to societal welfare. From funding educational initiatives to supporting healthcare programmes, Mr Rahman consistently tried to uplift the underprivileged, echoing his belief in the transformative power of education and healthcare for societal progress.

His dedication to social causes resonated profoundly, earning him not just admiration but heartfelt gratitude from communities across Bangladesh. His ethos of giving back to society epitomises the essence of a true leader.

As we honour the life of Mr Fazlur Rahman, let us remember his unwavering dedication, values, and tireless efforts that not only shaped an empire but also transformed countless lives, leaving an enduring imprint.

Reflecting on my own relationship with Mr Rahman, I recall the special connection and many moments we shared. We spent invaluable moments together at his Old Dhaka office and Shantinagar house, and our interactions continued at the Gulshan headquarters of City Group. These times were formative, offering insights into his dedication and leadership firsthand.

We strongly hope and pray his successors and many more will be carrying forward his values and principles.

The author is an economic analyst

Maersk halts ships' passage via Red Sea

AFP, *Copenhagen*

Shipping giant Maersk said on Sunday it was suspending the passage of vessels through a key Red Sea strait for 48 hours, after Yemeni rebels attacked one of its merchant ships.

The Maersk Hangzhou, a Singapore-flagged, Denmark-owned and operated container vessel en route from Singapore to Port Suez in Egypt, reported being struck by a missile while transiting the Bab al-Mandab Strait.

It appeared to be undamaged in that attack and "was able to continue its transit north", said Maersk, one of the world's largest shipping companies.

It was then attacked by four ships operated by Yemen's Iran-backed Huthi rebels, which "engaged fire in an expected attempt to board the vessel", the Danish shipping company said.

The US military said navy helicopters sank three of the ships while the fourth fled.

"In light of the incident -- and to allow time to investigate the details of the incident and assess the security situation further -- it has been decided to delay all transits through the area for the next 48 hours," said a Maersk statement.

The Huthis have repeatedly targeted vessels in the vital Red Sea shipping lane with strikes they say are in support of Palestinians in Gaza, where Israel is battling militant group Hamas.

How China talked markets out of a run on the yuan

REUTERS, *Singapore*

In recent months, China has sought to stabilise the yuan by orchestrating buying by state banks and giving market guidance to bankers.

The strategy of moral suasion marks a sharp break from Beijing's approach the last time the currency was on the ropes, in 2015.

Back then, the People's Bank of China (PBOC) resorted to official intervention as the central bank burned $1 trillion in reserves to shore it up.

This year, as China's economy wobbled and money left the country, the PBOC took a starkly different approach, defending the currency by signalling to markets what kind of selling it would and would not tolerate.

Interviews with 28 market participants show at least two dozen cases where regulators closely and frequently steered market participants through a range of co-ordinated actions this year to resist strong downward pressure on the yuan.

The PBOC and State Administration of Foreign Exchange, the currency regulator, did not respond to Reuters' faxed questions about its approach. PBOC governor Pan Gongshenghas previously said regulators would prevent exchange rate overshooting risks and maintain stable FX market operations.

The strategy market participants and analysts described to Reuters has prevented a destabilising yuan slide.

However, they told Reuters that it has also chilled large parts of China's foreign exchange market, crashing trading volumes and raising questions about the yuan's chances of becoming a global reserve currency.

"The circumstances ... at the moment are considerably more complicated because there are both domestic as well as global macroeconomic factors," said Eswar Prasad, Tolani senior professor of international trade policy at Cornell University.

PHOTO: AFP/FILE

Yuan banknotes are seen on a table at a bank counter in Hangzhou, China.

He described the PBOC's use of "non-standard measures to intervene in foreign exchange markets" as a form of "triage" to stop the yuan falling too rapidly.

As the currency of the world's second-largest economy and biggest exporter, the yuan's value determines the price of goods around the world and trillions of dollars in capital flows. It also serves as a barometer of China's challenges.

A Chinese forex regulator, speaking on condition of anonymity, said the currency's value was ultimately determined by fundamentals and currently a product of how "effectively China can thwart decoupling", a reference to Western efforts to reduce economic reliance on China.

Ten traders interviewed by Reuters said key warnings first emerged in June when the PBOC's daily yuan guidance that determines its trading range for the day, known as the midpoint, started to diverge from market expectations.

In theory, the midpoint is based on contributions from 14 banks and referenced to the previous day's trade and overnight moves, which should make it easy for markets to predict.