The Daily Star
FOUNDER EDITOR: LATE S. M. ALI

Bring back normalcy in RMG sector

Understand and act to calm the frustrations in industrial belts

We are gravely concerned about the ongoing unrest in our RMG industry as workers continue to protest in Ashulia, Zirabo, Savar and Gazipur over payment of arrears, better pay, job regularisation, increase of allowances and benefits, etc. According to the BGMEA, on September 12 alone, 219 garment factories in Gazipur and Ashulia were closed down due to workers' protests. Reportedly, in many areas, the protests took a turn for the worse as a result of unresolved negotiations with factory owners over their demands. Workers allegedly vandalised many factories; some of them were also set on fire. The question is: how has the situation come to this point?

According to industry insiders as well as some labour leaders, outsiders and political elements are trying to instigate the workers. It is imperative that, under the circumstances, a proper investigation is conducted immediately to identify the external factors responsible for the vandalism and destruction of properties. Owners have also pointed out that the industrial police are yet to start functioning fully in the industrial belts since the Hasina government was ousted around six weeks ago, fuelling safety concerns. This prolonged state of insecurity must be addressed by the interim government urgently, and the role of the industrial police—who have been used by successive governments to quell workers' protests—must also be re-evaluated to restore trust in the force.

Even if the allegations of external forces trying to create instability in the sector are true, we need to understand and address the underlying frustrations of the workers. During the 15 years of Awami League rule, we saw how the workers' legitimate demands were routinely disregarded. Last year, when the workers demanded Tk 23,000-25,000 as their monthly minimum wage, the government fixed it at Tk 12,500 in compliance with the proposal made by RMG factory owners. Sadly, many owners are still depriving their workers of their dues and aggravating an already volatile situation. Meanwhile, RMG factories are yet to institute an equitable mechanism for negotiations between workers and owners. Such practices must come to an end and workers' grievances must be properly addressed.

As production in a lot of factories remains suspended, there are concerns among the owners about financial losses they might incur, which will eventually affect our economy and the workers at large. There are, in fact, real reasons to worry as the disruption in production has already led many international buyers to cancel their trips to the country to finalise work orders for the coming seasons. Under the circumstances, we urge the interim government to act promptly to understand and act on the simmering frustrations on the ground. Its decision to review the workers' wage through the minimum wage board is a step in the right direction. The government also said it would consider inflation and the rising prices of essentials while reviewing the minimum wage, which is only the right thing to do. It also needs to take steps to improve security at the RMG factories, support the manufacturers in need, address the international buyers' concerns, and ensure stability and competitiveness in the sector.

Will dengue be even more fatal this year?

Alarm over dengue outbreak must be taken seriously

It may be a new Bangladesh with countless possibilities, but ordinary citizens are facing the same problems that have been plaguing them for years. We have written countless editorials decrying the inadequate dengue management efforts of the previous government, and we remain concerned that, in the void created by the absence of officials in the city corporations and municipalities in the aftermath of the July uprising, even the usual activities are suspended or have become sporadic at best. As a result, health experts are now warning of a deadlier dengue outbreak than the previous ones.

In Chattogram, for instance, the situation is particularly dire. The fatality rate in the port city now stands at 1.30 percent—more than double the national rate of 0.60 percent—despite the relatively low number of hospital admissions. The Den 2 serotype, identified as a major culprit in previous years, may be playing a significant role in the current outbreak, according to health experts. This particular serotype is known for its higher virulence, making it more likely to lead to severe complications and fatalities.

While the Chattogram City Corporation claims to be conducting regular insecticide spraying and clearing mosquito breeding grounds, residents report inconsistent efforts and inadequate coverage. Despite the severity of dengue over the years and the repeated calls for a comprehensive, scientifically driven and centrally coordinated initiative, we did not see any notable efforts of the past government or the city corporations to effectively address the public health menace. Meanwhile, issues such as inadequate sanitation, poor waste management and unplanned urbanisation have created environments that are conducive to mosquito breeding. These underlying problems require long-term solutions that go beyond short-term mosquito control measures.

While we understand that the interim government has many urgent tasks to deal with, we urge it to take prompt and comprehensive action to address dengue before it becomes a public health emergency and puts an already flailing healthcare system under more strain. In fact, with reforms being promised in every sector, now is the time for Bangladesh to learn from past mistakes and establish a comprehensive vector management system. This system should include year-round mosquito monitoring and surveillance to enable targeted interventions. We also need centralised recording of dengue cases across all healthcare facilities for accurate data analysis, and bolster our healthcare system to deal with dengue cases, especially outside of Dhaka. Ultimately, we need a collaborative effort among the government, city corporations, health authorities and citizens to prevent future dengue outbreaks. By implementing proactive, sustained and integrated measures, Bangladesh can finally, we hope, effectively control the spread of this disease.

How should Bangladesh deal with Adani's $800m outstanding bill?

FAIZ AHMAD TAIYEB

Faiz Ahmad Taiyeb writes on sustainable development and is a public policy critic.

The controversy surrounding Adani's Godda power plant has spread in Bangladesh as well as abroad. The Adani Group has reportedly been requesting the interim government of Bangladesh to clear outstanding dues of around $800 million on their electricity sales. However, given the situation, I believe rather than terminating the Adani contract outright, the Bangladesh government should withhold the payment and commission international experts to conduct a thorough review of the highly controversial agreement with Adani. The current administration is under no obligation to honour agreements made by the ousted government that was elected through a questionable election.

Indian media outlets recently reported two notable stories: the *Times of India* revealed that Adani had written to Bangladesh Chief Adviser Prof Muhammad Yunus regarding the $800 million bill. Another report warned that Bangladesh faces an "unsustainable" $500 million power debt due to Adani's high electricity prices.

These developments underscore that the Bangladesh Power Development Board (BPDB) was unable to review the original contract with Adani. Under the directive of the authoritarian Hasina regime, the agreement was signed without review, likely to appease India. This pattern is not unprecedented. In the case of the Rampal coal-fired power plant, engineers from the German technology supplier for the project told me that initial drafts of agreements often contain inflated prices, which are typically subject to multiple rounds of negotiations. However, Bangladesh surprised them by signing the draft without any revisions. This incident is emblematic of how the Awami League government has consistently made agreements that went against Bangladesh's interests, contributing to a massive debt in the power sector.

The flaws in the Adani Godda power plant agreement have been widely documented in international media as well. Tim Buckley, a leading energy expert, told *The Washington Post* in 2022 that Bangladesh would pay over five times the country's average wholesale electricity price for power from Adani's plant. Even if coal prices revert to pre-Ukraine war levels, Bangladesh would still be paying 33 percent more for Adani's electricity compared to its domestic coal-based power plants. Buckley described this contract as "an absolute gouge" and questioned how any reasonable person could have signed such a detrimental deal on behalf of Bangladesh.

"And the plant may not even be needed: Bangladesh now has 40 percent more power generation capacity than peak demand, according to government figures, thanks to years of investment in coal- and gas-fired power stations... When compared with that of Bangladesh's Kaptai solar farm, Adani's power could be five times as expensive," Buckley said.

VISUAL: SHAIKH SULTANA JAHAN BADHON

The Washington Post report said this power agreement initially appears to be "profitable for both Bangladesh and India," but in reality, it is "very less profitable" for Bangladesh.

Buckley further explained that even if the Godda power plant produces no electricity, Bangladesh would still owe Adani approximately $450 million annually as capacity and maintenance charges. This is considered an exceptionally high figure by global energy standards. A fresh report shows that Adani will receive annual capacity charges of $473.16 million for the power plant; in 25 years, about $11.83 billion will be spent on these charges.

In 2019, Australian Green Party MP Bob Brown launched a website called Adani Watch following protests over the controversial activities of Adani's various entities. On February 9, 2023, Adani Watch released a long report on the Godda power plant deal, which shows that under the current agreement, the price Bangladesh has to pay to buy electricity from Godda is almost three times higher than other power plants in India.

Adani has also reportedly exploited this agreement to inflate profits. Despite benefiting from tax exemptions in India, Adani continues to charge higher rates for the power supplied to Bangladesh, withholding information about these exemptions.

Adani has been exempted from duty and all kinds of taxes on coal import for the power plant. Also, the company does not have to pay any kind of Goods and Services Tax (GST), surcharge or any other duty-tax. According to sources, if the power plant runs at full capacity, it will require seven to nine million metric tonnes of coal annually. As a result, Adani is getting $200 million in duty-tax exemption only on coal imports.

According to the information, Adani was supposed to pay 12.5 percent custom duty and excise duty on power plant equipment, 15 percent service tax on construction works, two percent central sales tax on purchase of goods from outside Jharkhand, 15 percent composite tax on 40 percent of the contractor's bills, 5.5 percent VAT, one percent welfare tax for construction workers, four percent contract tax, water consumption charges, and income tax to the state government of Jharkhand. But these duties and taxes have been waived. However, Adani is not giving any concession to Bangladesh in the sale of electricity.

According to Adani Watch, India's union government charges 400 rupees ($4.88) as Clean Energy Cess (a form of carbon tax) for every tonne of coal. According to the final Environmental Impact Assessment filed by APL to the Ministry of Environment, the plant will consume anywhere between seven and nine million tonnes of coal annually for its proposed PPA period of 25 years. If the figure is taken at eight million tonnes per annum, a back-of-the-envelope calculation produces an estimate that APL will save $39.02 million per year on the Clean Energy Cess and nearly $1 billion over 25 years, by virtue of being declared an SEZ. Being in an SEZ, Adani Power (Jharkhand) Ltd will get 100 percent income tax exemption for the first five years, 50 percent for next five years thereafter, and 50 percent of the ploughed back export profit for next five years.

Adani is also accused of price manipulation by purchasing low-grade coal while charging Bangladesh for high-grade prices. This has led to Bangladesh paying at least 30 percent above the international market rates. According to a 2018 IEEFA report, the country will have to spend an additional Tk 70,000 crore over 25 years to buy power from Adani Group.

Given the overwhelming evidence that this contract is detrimental to Bangladesh, I believe it is imperative that the agreement be reviewed rather than immediately cancelled. There is no justification for taking out new foreign loans to pay Adani in full under the current terms. Instead, at most, 25 percent of the outstanding bills should be settled while the review process is underway.

However, if Gautam Adani refuses to renegotiate the terms of the contract, Bangladesh may need to consider political action to terminate the agreement.

This approach is supported by critics within India itself, where opposition leader Rahul Gandhi questioned the contract in parliament, citing the close relationship between Prime Minister Modi's foreign policy and his favouritism toward Adani. Gandhi pointed out that Adani secured the 1,500MW contract shortly after Modi's visit to Bangladesh.

Prominent Indian intellectuals have also criticised the deal, with Paranjoy Guha Thakurta stating that Adani's Godda contract has "pushed Bangladesh into a ditch." Al Jazeera reported on the growing international concern, describing Bangladesh as being in the "hot seat" over the Adani power deal.

The existing evidence suggests that Bangladesh has valid grounds to demand a review of the Adani contract. The government must show resolve in protecting national interests, with no reason to fear repercussions for standing firm on an unfair agreement.

Our youth needs financial literacy

MAHIYA TABASSUM

Mahiya Tabassum is a journalist at The Daily Star.

In an era where financial scandals have become alarmingly commonplace, the importance of financial literacy for our youth cannot be overstated. A Centre for Policy Dialogue (CPD) report published on August 12 paints a grim picture of our banking sector, revealing that a staggering Tk 92,261 crore was embezzled in 24 major banking scams between 2008 and 2023—more specifically, during the 15-year rule of the Awami League. This amount, equivalent to 12 percent of Bangladesh's national budget for FY2023-24 or two percent of the GDP for FY2022-23, highlights the dire state of our financial institutions. The banking sector, meant to be one of the pillars of our economy, has instead become a house of cards, teetering on the brink of collapse.

Consider the case of BASIC Bank, once a top-rated institution. After Sheikh Abdul Hye Bacchu was appointed board chairman in 2009, the bank's reputation plummeted. From a mere 4.81 percent of soured loans in December 2009, the bank's defaulted loans skyrocketed to 55 percent of total outstanding loans by March 2023. Despite the Anti-Corruption Commission (ACC) filing 60 cases related to this scam, Bacchu himself was not named in any lawsuit, highlighting the culture of impunity that plagues our system.

The group scandal involving Sonali Bank is another glaring example. Between 2010 and 2012, the bank's Ruposhi Bangla Hotel branch lent an astounding Tk 3,547 crore to Hallmark and five other firms based on fake documents. Both the board and management of Sonali Bank were implicated, yet the bank has recovered little of the swindled funds.

The saga of PK Halder further illustrates the depth of the problem. The former managing director of NRB Global Bank and Reliance Finance Limited fled Bangladesh in 2019 after allegedly syphoning off about Tk 10,200 crore from four non-banking financial institutions. Being a fugitive for two years, he was arrested in India in May 2022, only proving the challenges we face in bringing such criminals to justice.

These high-profile cases are not isolated incidents but symptoms of a systemic rot. The fact that many of the perpetrators remain unpunished only serves to embolden future wrongdoers.

Beyond these high-profile cases, another threat has been looming on the horizon lately: digital financial crimes. Cybercriminals are increasingly targeting our youth through social media platforms and mobile financial services (MFS). Their tactics range from convincing victims to reveal their NID to organising elaborate engagement programmes in luxurious hotels. These scams not only result in financial losses but also inflict severe psychological trauma on victims, with some cases even leading to suicide.

In this landscape of financial peril, financial literacy emerges as a crucial safeguard. It's not just about understanding banking terms or investment strategies; it's about developing critical thinking skills to detect scams, make informed financial decisions, and manage money responsibly.

In 2022, the Bangladesh Bank took a step in the right direction by issuing financial literacy guidelines to banks and financial institutions. However, if we look at the recent banking scams and the rise of loan defaulters, it is evident that the central bank's guidelines could do little to no help, and it has repeatedly failed to take any action against the financial crimes.

To add to that, statistics present a far more bitter truth. As of December 2023, the financial literacy rate in Bangladesh is only 28 percent, according to the Financial Inclusion Insights (2018) Programme by Intermedia Research. Therefore, unarguably, we need a more comprehensive, nationwide approach to financial education and must do our part as aware, responsible citizens.

First and foremost, financial literacy, covering digital banking as well, should be integrated into our national curriculum. Our youth need to be equipped with the knowledge to navigate the complex world of finance from an early age. This education should not be limited to traditional classroom settings but should also leverage technology to reach a wider audience.

We also need a collaborative effort involving financial institutions, NGOs, universities, and community organisations to offer financial literacy programmes. These initiatives should be inclusive, ensuring that women, people with different educational needs, individuals with disabilities, and those in remote rural areas have access to this crucial knowledge.

Our law enforcement agencies need specialised training to understand and combat digital financial crimes. The government should also establish research bodies dedicated to identifying new scam trends and developing innovative awareness strategies.

The banking scams and digital financial crimes plaguing our country are not just economic issues; they're a threat to our social fabric and our aspirations for a reformed Bangladesh. By prioritising financial literacy, we can arm our youth with the knowledge and skills they need to protect themselves and contribute to a more stable financial future for our nation. Financial literacy is not a luxury; it's a necessity. It's time we treated it as such.

The Daily Star
Reg. No. DA 781

EDITOR & PUBLISHER: Mahfuz Anam
Printed by him on behalf of Mediaworld Ltd at Transcraft Ltd, 229, Tejgaon Industrial Area, editor@thedailystar.net

Registered & Head Offices: The Daily Star Centre
64-65 Kazi Nazrul Islam Avenue, Dhaka-1215
Phone: 09610222222

Newsroom: Fax- 58156306
reporting@thedailystar.net

Advertisement: 01711623910
advertisement@thedailystar.net
GPO Box: 3257

Subscription:
01711623906

thedailystar.net
bangla.thedailystar.net/