

Star BUSINESS



Businesses voice concerns over law and order

STAR BUSINESS REPORT

Businesspeople have voiced concerns about the state of law and order in industrial areas, saying it has not improved to the level they anticipated despite the interim government being in office for three and a half months.

At the same time, they highlighted that the energy and power deficit is making things extremely difficult for businesses and seriously impeding production.

"Instability in industries is not desirable in any way, so there should be a roadmap with a specific timeframe for improving the law-and-order situation," said Abdul Muktadir, managing director of Incepta Pharmaceuticals.

He was addressing a business conference, titled "Private Sector Outlook: Expectations and Priorities", organised by the Dhaka Chamber of Commerce and Industry (DCCI) at the Pan Pacific Sonargaon Dhaka yesterday.

Muktadir said although Bangladesh recently endured difficult times, some good initiatives have been taken that will yield positive results.

There should be a roadmap with a specific timeframe for improving law and order, said Abdul Muktadir, managing director of Incepta Pharmaceuticals

"We have been affected by the high import duty rates on various products and small traders are going through a difficult situation," he added.

Echoing those sentiments, Ahsan Khan Chowdhury, chairman and chief executive officer of Pran-RFL group, said businesses will develop if the law-and-order situation improves.

He claimed he was unable to open letters of credit for raw material imports as per demand, disrupting employment and production.

He suggested increasing the production of the agricultural sector by embracing new technologies and proposed issuing partial bonds to facilitate raw material imports.

He also opined that it is necessary to reduce the interest rate on loans considering the prevailing situation.

Salehuddin Ahmed, finance advisor, said the kind of corruption that had taken place over the last 15 years, especially in the economic sector, is unimaginable.

"It has permeated every corner of society," he said, adding that the interim government is continuing its efforts to overcome the issue, but it may take some more time.

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Bangladesh on track for next IMF loans

Meets all conditions except for revenue target

BY THE NUMBERS

Total debt
Tk 1,835,035cr as of June 24 (\$156b)

External debt
Tk 799,505cr (\$68b)

Domestic debt
Tk 1,035,529cr (\$88b)

Targets set by IMF and achievements

(As of June 2024)

Revenue collection target:
Tk 394,530cr

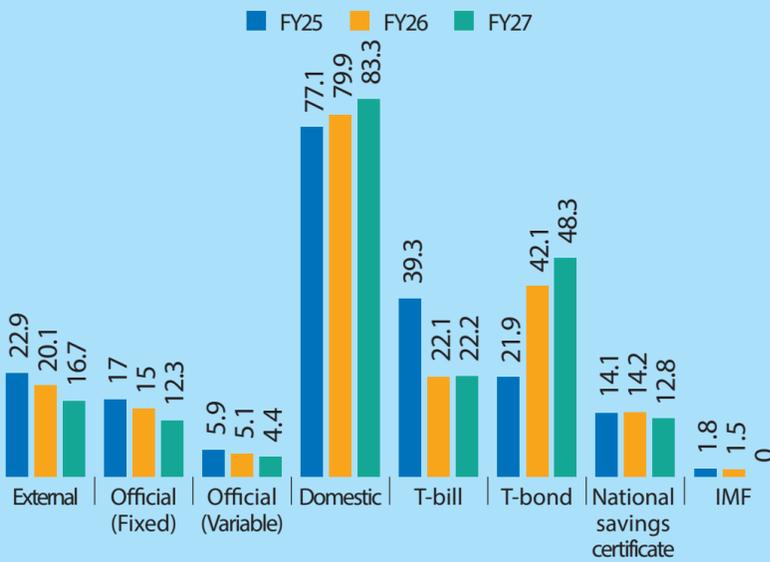
Actual collection:
Tk 369,209cr

Net international reserve target: \$14.79b

Actual reserve: \$16.7b

Medium-term govt debt strategy

In % of total debt; SOURCE: FINANCE MINISTRY



REJAUL KARIM BYRON and MAHMUDUL HASAN

Bangladesh is on track to meet all 12 conditions set by the International Monetary Fund (IMF) to qualify for the fourth tranche of a \$4.7 billion loan programme, only missing the revenue collection target.

This comes as an IMF mission, led by mission chief Chris Papadakis, is set to visit Bangladesh from December 3 to 17 to review the country's performance and compliance with structural reform conditions.

The team will meet with Finance Adviser Salehuddin Ahmed on December 3, finance ministry officials told The Daily Star.

During their stay, the IMF team will also hold meetings with officials from the Bangladesh Bank, the finance ministry, the power and energy ministry, the National Board of Revenue, and the Bangladesh Bureau of Statistics.

There are seven performance criteria for which the IMF has set specific floor or ceiling figures to be achieved by June 2024.

These conditions include net international reserves, budget deficit, accumulation of external payment arrears, reserve money, tax

revenue, priority social spending, and capital investment undertaken by the government.

According to a finance division official, the government has met six of these conditions but failed to achieve the revenue collection target.

As per the IMF target, the government was supposed to collect Tk 394,530 crore in taxes by June.

Data from the Finance Division showed that the government collected Tk 369,209 crore by June, meaning it fell Tk 25,321 crore short of the IMF target.

Another major condition set by the IMF was to increase the country's net international reserves, which was fulfilled after the IMF lowered the required threshold in May this year upon request by the then government.

The initial target was \$20.11 billion by June

30. However, the IMF lowered it to \$14.79 billion later in May. As of June 30, Bangladesh had \$16.7 billion net international reserves.

Bangladesh failed to fulfil this target for each previous instalment of the loan package.

The IMF's loan programme contains two types of conditions: seven linked to performance criteria and the remaining related to structural benchmarks.

Officials said Bangladesh was scheduled to meet five structural reform conditions out of 27 by June.

The IMF team will assess whether Bangladesh met these five conditions and will also review other structural reform conditions to be met at different times from September this year to December next year.

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PDB to give up role as sole buyer of electricity from private producers

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The Bangladesh Power Development Board (PDB) will no longer be the sole buyer of electricity produced by independent power producers (IPPs), said Fouzul Kabir Khan, adviser to the Ministry of Power, Energy and Mineral Resources.

He said the government is working on a merchant power plant policy, under which the PDB will purchase a minimum 10-20 percent of total power offtake from any new private plants.

Currently, the PDB is the sole buyer of electricity in the country, purchasing power from IPPs and through import and then reselling it to six distributor companies. The government also guarantees a minimum offtake. If the PDB is unable to purchase that amount, they pay IPPs for unproduced power.

However, the adviser said for any agreements made under the new policy, the private producer has to sell electricity directly to buyers or distributor companies by paying wheeling charges to use the national grid.

The adviser was addressing a seminar, titled "Energy Transition to Renewables: Role of Domestic Financial Institution", organised by the Economic Reporters Forum (ERF) at its

Key points

- Govt working on merchant power plant policy
- PDB will no longer be the single buyer of power
- IPPs can sell electricity directly to distributor companies
- They will use the national grid and pay wheeling charges

EXPERTS SAY

Awami League didn't work sincerely for renewables
Amending green financing guidelines for banks is essential

auditorium yesterday.

About the barriers hindering the transition to renewables, Khan said one major reason was that the Awami League government set renewable energy targets but did not work sincerely towards those.

"Banks have financed many projects seeing the faces of the people, not based on the assets of investors or after checking balance sheets," he said.

"There is a myth that land scarcity poses an obstacle to setting up solar power plants, but this is not true," he said, adding that the government had acquired plenty of land that is not being utilised properly.

"We don't have any other choices but to go towards renewables," Khan stressed.

Regarding the demand to reduce import duties on items used for solar energy projects, he said they had already withdrawn advance income taxes and other duties on such products.

However, he stressed that they would emphasise local production.

"If you ask to reduce import duties on cables, how would it be logical? We have local cable manufacturers. There is nothing we cannot produce locally. If we want to be self-contained, we need to go for local manufacturing of panels, inverters, batteries and so on," he added.

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