

A looming fiscal crisis for Bangladesh

High debt and weak revenue demand clear policy thinking

The government debt increasing by 13.3 percent last fiscal year to a record Tk 18.3 lakh crore is concerning, particularly given its low revenue mobilisation. Here, it has to be said that the former Awami League government is primarily at fault. When it returned to power in 2009, the country's total debt was just \$33.66 billion. At the time of its ousting from power on August 5, 2024, the AL government left behind a national burden of \$156 billion in local and foreign loans. Aside from wasteful expenditure and mammoth corruption, its failure to improve revenue growth means that Bangladesh's debt-GDP ratio now stands at 36.3 percent. While this is still within the safe limit per the IMF standards, it remains concerning when considered alongside the country's weak revenue earnings and dwindling dollar reserves, economists warn.

The most pressing issue now is the liquidity shortage in both local and foreign currencies. On the one hand, revenue collection remains weak, while interest payments have risen sharply. On the other hand, Bangladesh is receiving fewer foreign loans, creating challenges for meeting interest payments and settling outstanding bills. The recently submitted white paper on the economy already highlighted these risks. It also projected that by the end of June 2025, the total debt could rise to 41.3 percent of GDP.

According to the debt bulletin report, government expenditure on interest payments increased by 21 percent in the last fiscal year, reaching Tk 1.1 lakh crore, which accounts for one-sixth of the national budget. This indicates that a significant portion of the government's expenses is already allocated to paying interest on its debt, thereby reducing its fiscal flexibility. This constraint may worsen in the future as tighter monetary policies, necessitated by high inflation, drive up interest rates on treasury bills and bonds.

Meanwhile, Bangladesh's per capita foreign debt has more than doubled over the past eight years. The government may be compelled to take on more loans in order to clear foreign arrears to ensure the continued supply of power and fertilisers. While this approach may offer a short-term solution, the government must ultimately prioritise increasing revenue collection, as it is the only sustainable long-term solution to the debt servicing challenge. In this context, it is disappointing that the interim government has recently increased VAT and supplementary duties on nearly 100 goods and services, despite concerns that these measures could further fuel inflation.

Instead, the government should focus on addressing tax evasion, which remains a significant issue. The previous government also erred in neglecting this problem and relying on indirect taxes, which are inherently regressive. We urge the interim government to reconsider its policy approach and emphasise progressive taxation as a means to manage the growing debt burden.

Ensure safety of our winter guests

Urgent actions needed to safeguard migratory bird sanctuaries

The gradual decline of migratory birds in our water bodies, such as haors, beels and lakes, demonstrates our failure as a host. Every winter, these birds travel thousands of kilometres to escape the biting cold of their homelands for Bangladesh's warm tropical waters. In recent years, instead of finding a safe and welcoming sanctuary, these waterfowls—especially those coming to Hakaluki Haor in Moulvibazar and Sylhet—have been subjected to rampant poaching, noise, and plastic pollution, according to a report by *The Daily Star*. They also face food shortages because of the declining fish population and the depletion of aquatic vegetation in the haor.

Although the Hakaluki Haor has been designated as an ecologically critical area and a Ramsar site of international importance, the use of nets and poison baits to capture birds has not stopped. Furthermore, rivers flowing into the haor often carry plastic, polythene and other dumped waste, polluting the wetland. On the other hand, in artificial lakes, such as those in Jahangirnagar University, migratory birds suffer from the menace of noise and air pollution. According to an Ekattor TV report, noise from the nearby construction sites and loudspeakers scares the birds away in the only preserved lake on the green campus, which, in recent times, has lost many of its waterbodies, filled in to erect new buildings.

The arrival and nesting of migratory birds in our country is not only essential because it is a scenic, natural wonder, but also because migratory birds perform important ecological functions by moving nutrients between habitats and across landscapes. Therefore, it is not enough to declare a wetland or a water body an environmentally important zone on paper. Visible actions are required to safeguard these sanctuaries. To achieve this, the government, in collaboration with environmental activists and organisations, should run awareness campaigns to educate local communities about the importance of migratory birds. Local people should also be economically empowered and involved in safeguarding these sanctuaries so they refrain from poaching, overfishing, and resorting to other harmful practices.

Additionally, the government must enforce policies to mitigate plastic, noise and air pollution. Use of polluting consumer and commercial products must be restricted and gradually replaced with environmentally-friendly materials. Finally, strict legal actions should be taken against polluters and poachers to discourage such behaviours. To re-establish our reputation as a hospitable nation, we must ensure that our water bodies are safe for migratory birds.

THIS DAY IN HISTORY

Amelia Earhart's first solo flight



On this day in 1935, Amelia Earhart, one of the world's most celebrated aviators, made the first successful solo flight from Hawaii to California, a distance longer than that from the United States to Europe.

REVIVING DEMOCRACY

A 10-step proposal for election road map 2025



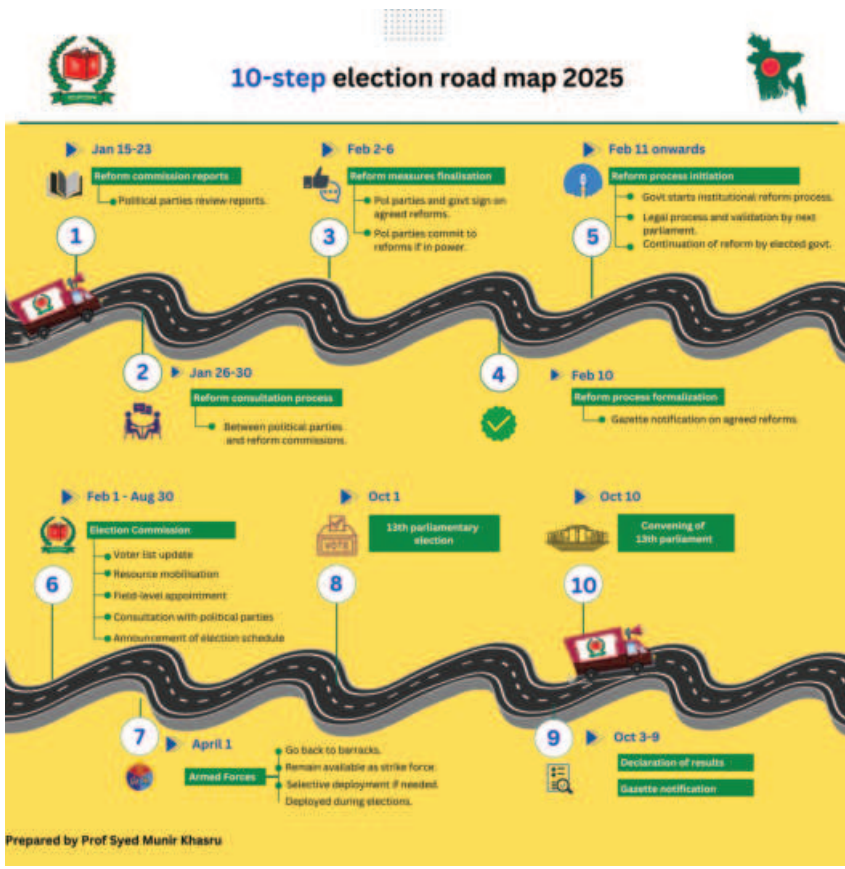
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Bangladesh stands at a crossroads, navigating a tumultuous journey marked by political uncertainty, precarious law and order situation, and economic disruption and downturn. The events of the past year, from the July uprising that ousted the Awami League government to the appointment of an interim administration led by Nobel Laureate Prof Muhammad Yunus, have rekindled hopes of a freer, fairer and more democratic future. Yet, as we step into 2025, it is evident that the challenges of political instability, economic stagnation, and governance inefficiencies have not been fully addressed, casting a shadow over the nation's prospects. The looming uncertainty and resulting anxiety do not bode well for a country on a tricky path to transition from an autocratic regime to hopefully a democratically elected government that will govern well and fulfil people's legitimate socioeconomic and other aspirations.

Despite the interim government's assurances of electoral reforms and democratic progress, ambiguity persists regarding the timeline for the next parliamentary election. While the chief adviser's announcement of potential election dates in late 2025 or first half of 2026 offers some clarity, conflicting demands from major political parties like the Bangladesh Nationalist Party (BNP) and divergent visions within the administration have sown seeds of discord. The lack of consensus on the electoral road map risks further polarising the political landscape, undermining the very stability the interim government was tasked to foster.

The reform commission tasked with delivering systemic changes in governance and economic management represents a critical opportunity to recalibrate the nation's trajectory. However, its progress has been slow, and the extension of its tenure until January 15 highlights the complexity of the task. Meanwhile, inflationary pressures, high interest rates, and stagnating private investment continue to erode the purchasing power of citizens and discourage economic growth. The business community remains apprehensive, with political instability and law-and-order concerns threatening both trade and investment.



responsibility, this author proposes a suggestive electoral road map that hopefully can serve as a good starting point for both the interim government and political parties to come together and provide the general public clarity on where we are heading as a nation in 2025 and beyond. In providing the road map, I have mostly relied on the analysis of historical data from previous credible elections held in 1991, 1996, 2001 and 2008. With the reform commission's tenure extended until January 15, the road map and suggestions will hopefully aid the government in navigating this crucial phase. For the sake of simplicity, the road map is laid out in the diagram, which is then used to walk through the steps in detail.

The proposed 10-step election road map

After the submission of reports by all the reform commissions by January 15, 2025 (except the judiciary reform commission), the proposed road

representative per commission. Since student representatives are already in the reform commissions, their representation has been ensured through existing arrangements, and it is up to the interim government as to what kind of role they would play in this process. Similarly, whether the Awami League and Jatiya Party will be invited is a matter of decision by the interim government.

These recommendations are meant

administrative reforms. Due legal processes will be undertaken by the next parliament, ensuring continuity of the reforms that were agreed upon in the February 10 official declaration.

6. Feb 15-Aug 30: Election Commission

For the Election Commission (EC), the following steps are crucial for ensuring a transparent and inclusive electoral process.

*** Voter list update:** The EC will create an accurate voter list by verifying data through biometric IDs and adding newly eligible voters. It will also remove duplicates and deceased individuals to prevent fraud. Drawing lessons from 2008, when a complete voter list overhaul led to the registration of more than eight crore voters, the modernised systems in place today are expected to make this process more streamlined and less time-consuming.

*** Resource mobilisation:** The EC will allocate essential resources and polling logistics, with a focus on ensuring accessibility, particularly in underserved areas, to effectively accommodate participation of all voters.

*** Field-level appointment:** Trained field officials will be appointed to manage voter registration and oversee polling logistics and administration.

*** Consultation with political parties:** The EC will engage with political parties to build consensus on key election-related matters, fostering trust and collaboration.

*** Announcement of election schedule:** After completing preparations, the EC will announce the election schedule, allowing political parties to undertake campaigns and inform voters of their political manifesto.

7. Apr 1: Armed forces

The armed forces are to return to barracks but remain available as a strike force, with selective deployment, if necessary, particularly during elections. The prolonged presence of armed forces in public life goes against the spirit of both their service code of conduct and the democratic values of a country heading towards a credible election.

8. Oct 1: Parliamentary election

The parliamentary election will be conducted to establish a representative government. Marking a long-overdue step in addressing the Bangladeshi people's right to a fair and democratic electoral process. Between now and then, there are almost 10 months, which is three times more than the average life of the caretaker government that was mandated under the constitution for holding elections until it was revoked by the Awami League.

9. Oct 3-9: Declaration of results

Within this time frame, election results will be tabulated and officially announced through gazette notifications by the EC.

10. Oct 10: Convening of 13th parliament

The newly elected parliament will convene, signifying the restoration of democratic governance and the beginning of a new legislative term focused on implementing the agreed-upon reforms.

The road ahead

An elected government is indispensable for safeguarding Bangladesh's democratic identity, ensuring accountable leadership, and meeting people's socioeconomic aspirations. It is vital to restore stability, addressing critical national challenges, and rebuilding public confidence. The proposed road map outlines a structured approach to achieving a credible electoral process and underscores the urgency of collaborative action to secure a sustainable democratic future.

Delay and deferral without a legitimate reason cannot bode well for the country. Nor would it be wise for the political parties not to finally rise to the occasion and irrevocably commit themselves to the much-needed reforms, without which the supreme sacrifice made by students and people in July-August risks going in vain. We lost one such opportunity in 1991 and can't repeat the same mistake in 2025.