

Grameen Telecom gets digital wallet licence

MD MEHEDI HASAN

Samadhan Services Limited, a concern of Grameen Telecom, has at last gained ground in its effort to become a payment service provider (PSP) in Bangladesh.

Authorities of Samadhan Services had first applied to the country's central bank for a PSP licence on November 16, 2021.

However, the Bangladesh Bank delayed its decision in this regard until August 2024 although the company fulfilled the requirements to receive a No Objection Certificate (NOC).

The central bank finally granted the NOC on September 29 last year, clearing the way for Samadhan Services to secure its PSP licence, according to officials associated with the process.

Officials of the Bangladesh Bank claimed that high-ups, former governor Abdur Rouf Talukder in particular, had purposefully delayed the process.

They said the delay was enforced as an extension of former prime minister Sheikh Hasina's alleged animosity towards Grameen Telecom and its founder, Nobel Laureate Prof Muhammad Yunus, who is now chief adviser to the country's interim government.

Rouf had resigned as Bangladesh Bank governor soon after the Awami League government was ousted by a mass uprising on August 5 last year.

The application from Grameen Telecom was initially reviewed by the central bank's Payment Systems Department,

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Power subsidies may rise 83% this fiscal year

REJUL KARIM BYRON and ASIFUR RAHMAN

Subsidies for the power sector are likely to balloon 83 percent this fiscal year as the interim government is planning to clear all arrears owed to private power producers.

An additional Tk 25,000- Tk 30,000 crore may be kept in the revised budget to pay off arrears, which will be added to the allocation for subsidies, according to the finance ministry's initial plans.

As a result, overall subsidies for the power sector are expected to rise to around Tk 66,000 crore at the end of FY25, up from an initial budgetary allocation of Tk 36,000 crore.

The allocation is likely to go up in the revised budget for FY25 and the amount will be finalised by March, finance ministry officials said.

As the government is a long way off from its revenue collection target, the funds may be diverted from the budgetary allocation for the Annual Development Plan (ADP).

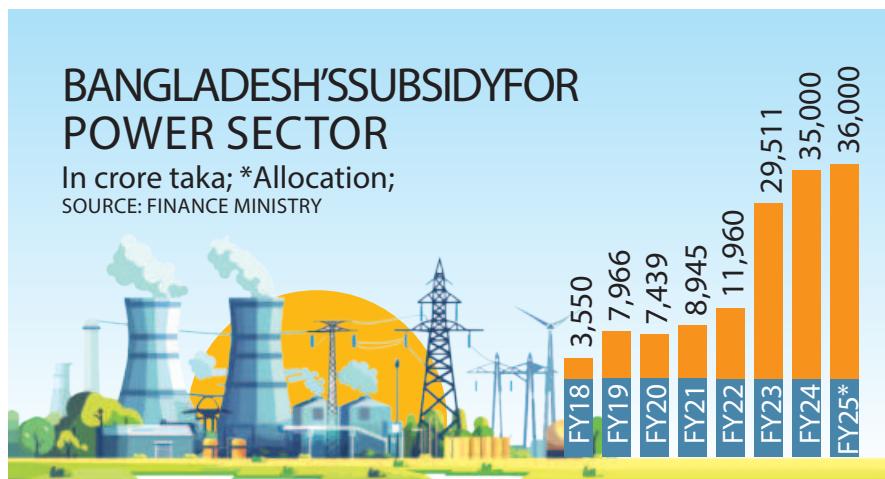
The budget for FY25 had allocated Tk 265,000 crore for the ADP, but that figure may fall by around Tk 50,000 crore in the revised budget, a top official of the ministry said.

"If we can allocate the amount to the



BANGLADESH'S SUBSIDY FOR POWER SECTOR

In crore taka; *Allocation; SOURCE: FINANCE MINISTRY



power sector, the arrears will be cleared by this fiscal year. As a result, the subsidy burden in the power sector will be reduced next fiscal," the official added.

The official also said that the government has taken initiatives to reduce power production costs in order to ensure that arrears do not pile up and that there is some room for flexibility in the future.

In December, a mission from the International Monetary Fund told the government to clear arrears to the power sector by June of 2025. They also proposed increasing electricity prices to help reduce subsidy expenditures.

However, the government refused to increase prices and formed several committees to investigate how they could reduce costs.

Muhammad Fouzul Kabir Khan, adviser to the Ministry of Power, Energy and Mineral

Resources, said on Saturday that they are under tremendous pressure to increase electricity and gas prices.

Although the interim government has been in office for six months, electricity prices have not yet increased, he said, adding: "But I don't know how long it will last."

The pressure of piling arrears is akin to having a gun held to their head, according to Khan.

Currently, the Bangladesh Power Development Board (PDB) has arrears amounting to Tk 21,000 crore.

Of the amount, Tk 9,000 crore is owed to the Bangladesh Independent Power Producers' Association, whose members have said they will be unable to produce electricity in the summer -- which starts around March -- if the government fails to clear arrears immediately.

India's Adani power plant also started pressing hard for arrears amounting to around \$850 million since the interim government took office.

Additionally, local coal-fired power plants are facing hassles in importing coal to operate smoothly due to a lack of funds.

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Global firms hired to recover \$16b siphoned during Hasina's regime

STAR BUSINESS REPORT

The Bangladesh Bank has hired global consultancy firms EY, Deloitte, and KPMG to conduct an "asset quality review" of banks alleged to have lost Tk 2 trillion (\$16.4 billion) to influential businesspeople linked to the former Awami League government, according to the Financial Times (FT).

Governor Ahsan Mansur mentioned that the Bangladesh Financial Intelligence Unit has formed 11 teams to trace and reclaim assets suspected of being acquired through embezzlement. These teams will also assist in prosecuting those responsible.

The review will focus on 10 major businesses and individuals, including former prime minister Sheikh Hasina and her relatives, and conglomerate S Alam Group, led by Mohammed Saiful Alam.

The investigations will also cover six banks, five of which have shares linked to S Alam, the report says.

Mansur said that KPMG's Sri Lanka office is assisting with the review, while EY and Deloitte have yet to comment.

"We aim to determine asset performance, identify defaulters, and conduct forensic audits," he said.

The Anti-Corruption Commission (ACC) has already filed cases against several individuals, including Alam's sons, for allegedly embezzling Tk 11.3 billion through loans.

A Dhaka court has ordered the seizure of properties connected to the case.

Alam's lawyers, however, have denied the allegations, calling them "baseless" and threatening international arbitration if disputes remain unresolved, as per the FT report.

The Yunus administration is collaborating with global agencies, including the US Treasury and UK anti-corruption units, to recover funds.

"We are encouraged by the response from the international community," Mansur told FT. "Politicians are aware of it and hopefully they will be under public pressure at home to support this cause."

Foreign loan surge in December brings some relief

MD ASADUZ ZAMAN

A big chunk of foreign funds was provided as budgetary support from the World Bank and the Asian Development Bank (ADB) in December released \$1.1 billion, leading to a rise in foreign aid disbursement and providing some relief to the government.

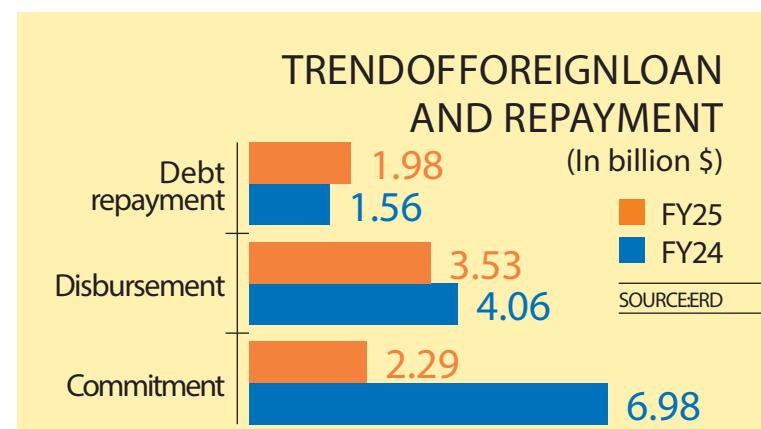
In the last month, the government received around \$2 billion while the average for the previous five months was only around \$309 million.

In the six months from July to December, total foreign loan disbursement amounted to \$3.53 billion whereas it stood at \$1.54 billion at the end of November.

The highest amount of loans during the six-month period came from the ADB, amounting to \$1.05 billion, of which \$600 million came as budget support in December. The World Bank also provided \$800 million, of which \$500 million came as budget support in December.

Besides, Russia disbursed \$532 million, mainly for the Rooppur Power Plant project, while Japan disbursed \$441 million, China \$268 million, and India \$72 million during the six months.

However, despite such a big chunk being disbursed in December, it was not enough to stave off a year-on-year drop of 13 percent in foreign loan disbursement from \$4.06 billion.



However, the rise was somewhat offset by the fact that Bangladesh's foreign debt servicing rose 27 percent year-on-year in the first six months of FY25.

From July to December of FY25, the country paid \$1.98 billion in principal and interest, up from \$1.57 billion in the same period of FY24 due to an expanded foreign loan portfolio and higher global interest rates.

In local currency, the payments increased to Tk 23,675 crore from Tk 17,240 crore, intensifying pressure on public finances.

According to the breakdown, the value of principal payments climbed 33 percent to \$1.23 billion while interest payments rose 16 percent to \$747 million.

Adding to the fiscal pressures, foreign assistance commitments have fallen precipitously.

In the first six months of FY25, total commitments for grants and loans fell sharply, plunging 67 percent to \$2.29 billion compared to \$6.98 billion in the previous year.

Loan commitments fell from \$6.58 billion to \$2 billion while grant commitments reduced to \$289 million from \$410 million.

With the obligations mounting and foreign commitments diminishing, economists called to renegotiate repayment periods and interest rates as well as prioritise foreign-funded projects.

This combination of rising debt obligations

Businesses going through tough time

Top executives tell AmCham dialogue

STAR BUSINESS REPORT

Businesses are passing through a "hard and rocky" situation amid high inflationary pressure due to a rise in the cost of finance, labour and energy, according to senior officials of various firms, especially foreign corporations.

The situation has worsened for an increase in taxes, they said while urging the National Board of Revenue (NBR) not to focus solely on revenue growth by imposing more taxes on compliant taxpayers.

The NBR needs to consider the impact of its decisions on trade and investment, they added.

Their comments came during a dialogue, titled "Policy Alignment to Enhance the Trade and Investment Climate", organised by the American Chamber of Commerce in Bangladesh (AmCham) at The Westin Dhaka.

Since the 1990s, the challenges faced by businesses in the country have remained almost the same, said Forrest E Cookson, an economist and former president of AmCham.

"The complexities remain the same, the problems remain the same... nothing much has changed," he said.

To attract foreign investors -- who are in a wait-and-see approach -- economic and policy stability is necessary, he added.

Bangladesh recently ranked 29th out of 50 countries in the World Bank's Business Ready report, trailing behind Nepal and Indonesia, Cookson said.

This highlights a significant challenge in improving the domestic business environment compared to neighbouring countries, he said.

Local businesses are in a truly challenging situation as the costs of business have risen, said ASM Mainuddin Monem, managing director and CEO of Abdul Monem Ltd.

"We are in a hard and rocky situation. Let the private sector survive; they will bring you economic growth and more jobs," he added.

Speaking as chief guest, Salehuddin Ahmed, adviser to the Ministry of Finance, acknowledged that the business environment has become somewhat difficult for businesspeople.

He said most businesspeople who were running large-scale operations have left the country, taking huge amounts of resources with them and leaving some banks empty.

Local businesses are in a truly challenging situation as the costs of business have risen, said ASM Mainuddin Monem, managing director and CEO of Abdul Monem Ltd.

"We are in a hard and rocky situation. Let the private sector survive; they will bring you economic growth and more jobs," he added.



EBL CLIMATE CHANGE ACTION AWARDS 2025

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