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\$5.5 BILLION IMF LOAN Govt meets most conditions for next tranche

Misses revenue target once again

REJAUL KARIM BYRON and MD ABBAS

Bangladesh has met key conditions like maintaining sufficient foreign exchange reserves and reducing arrears in the energy and fertiliser sectors to secure the next installment of the International Monetary Fund's loan programme.

However, it once again failed to meet the tax revenue collection target.

An IMF mission is scheduled to arrive in Dhaka on October 29 for a two-week review of progress made until June.

The IMF originally approved a \$4.7 billion programme in January 2023. In June this year, it released the fourth and fifth installments, alongside a six-month extension and a \$800 million top-up, bringing the total package to \$5.5 billion. So far, Bangladesh has received \$3.6 billion.

To unlock the sixth tranche, expected to be around \$450 million, Bangladesh must meet six Quantitative Performance Criteria (QPCs), the most binding IMF conditions. Three of these were introduced in May.

Bangladesh Bank data shows that net international reserves (NIR) stood at \$20.73 billion in June against the IMF's \$17.4 billion target. Even in September, when the target was \$18.65 billion, reserves remained above \$20 billion.

The country had repeatedly failed to meet reserve targets under the previous government, as gross reserves plunged from \$48 billion. But after the interim government took office in August last year, the situation reversed, with reserve targets for December and March met successfully.

Zahid Hussain, former lead economist at World Bank's Dhaka office, credited the improvement to a surge in remittances and weak imports.

"As money laundering has been stopped, more remittances are now coming through official channels. With imports being low, there has been no pressure on the foreign exchange market," he said.

IMF'S TARGETS AND BANGLADESH'S ACHIEVEMENTS (UNTIL JUNE)

	TARGET	ACHIEVEMENT
Reserves	\$17.4b	\$20.73b
Foreign dues	Below \$870m	\$314m
Local arrears	Below Tk 28,070cr	Tk 18,000cr
Revenue	Tk 443,530cr	Tk 378,000cr

He added that the Bangladesh Bank, which earlier sold dollars to meet demand, is now buying to prevent the taka from appreciating too much.

"The supply of foreign currency is more than the demand... which is gradually increasing the reserve," he noted.

Remittance inflows reached a record \$30.33 billion in the last fiscal year, up nearly 27 percent, and the trend has continued.

FAILING ON TAX

Despite progress on reserves and arrears, Bangladesh failed to meet the IMF's revenue collection target.

Against a target of Tk 443,530 crore until June, revenue stood at Tk 378,000 crore. The National Board of Revenue (NBR), which accounted for 97 percent of the goal, collected Tk 370,874 crore with a growth of only 2.23 percent.

Bangladesh's tax-to-GDP ratio remains among the lowest in the world, which is why the IMF has placed the highest emphasis on raising revenue, making it a key QPC in May. Previously, revenue targets were "indicative" and relatively soft.

A senior NBR official blamed low growth, political unrest during last year's uprising, weak investment, and agitation by NBR staff over the proposed separation of the tax authority.

"In such a situation, the IMF's revenue collection target was very ambitious," he said.

Zahid Hussain said the mass uprising badly hurt July-August collections last year, while subsequent protests and weak imports further dragged revenue down.

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Bangladesh
slates Israeli
interception of
Sumud Flotilla
Calls for release of
detained activists
BSS, Dhaka

Bangladesh has strongly condemned the interception of the Global Sumud Flotilla, which was carrying humanitarian assistance for Gaza, by Israeli forces in international waters.

"This act is a flagrant violation of international law and a brazen manifestation of Israel's use of hunger as a weapon of war," the Ministry of Foreign Affairs said in a statement yesterday.

The government demanded the immediate and unconditional release of all detained humanitarian aid workers and activists. It called for guarantees of their safety and well-being.

Bangladesh also urged Israel to end its illegal occupation of

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within 72 hours, Hamas's disarmament and a gradual Israeli withdrawal from Gaza.

That would be followed by a post-war transitional authority headed by Trump himself.

"Hamas is still continuing consultations regarding Trump's plan... and has informed mediators that the consultations are ongoing and need some time," the official said on condition of anonymity because they were not authorised to speak publicly on the matter.

The US leader set the deadline -- which would fall at 1:00am Monday in Gaza -- after an official for the Islamist movement told AFP earlier yesterday that the group still needed time to study the proposal to end nearly two years of devastating war in the Palestinian territory.

"If this LAST CHANCE agreement is not reached, all HELL, like no one has ever seen before, will break out against Hamas," Trump posted on his Truth Social platform.

The proposal, backed by Israeli Prime Minister Benjamin Netanyahu, calls for a ceasefire, the release of hostages

Pro-Palestinian demonstrators protest in Rome, Italy yesterday during a nationwide strike called by the USB union to condemn the Israeli forces' interception of the Global Sumud Flotilla vessels aiming to reach Gaza and break Israel's naval blockade. Inset, the Conscience ship sails towards Gaza as part of a convoy to challenge the Israeli blockade on Gaza.

PHOTO: REUTERS, COLLECTED

Trump sets Sunday deadline for Hamas

Says it will face 'all hell' if it rejects 'last chance' Gaza deal; Israel kills 49 more Palestinians

AGENCIES

US President Donald Trump has given Hamas until 2200 GMT on Sunday to accept his 20-point plan for peace in Gaza, warning the Palestinian militant group faced "all hell" if it did not agree to the terms.

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"Hamas is still continuing consultations regarding Trump's plan... and has informed mediators that the consultations are ongoing and need some time," the official said on condition of anonymity because they were not authorised to speak publicly on the matter.

On Tuesday, Trump gave Hamas "three or four days" to accept his plan, which has been welcomed by world powers, including Arab and Muslim nations.

Mohammad Nazzal, a member of Hamas's political bureau, said in a statement that the "plan has points of concern, and we will announce our position on it soon".

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GAZA AID FLOTILLA
Israel seizes
last boat
Deports first activists

AGENCIES

Israel yesterday deported four Italian activists, the first of hundreds detained from an aid flotilla bound for Gaza, shortly after the interception of a final boat brought an end to its mission.

» Another flotilla with
11 ships on the way to
Gaza

» Protests, strikes held
across globe in support
of Palestinians

The Global Sumud Flotilla set sail last month, ferrying politicians and activists, including Swedish campaigner Greta Thunberg, towards Gaza, where the United Nations says famine is taking hold.

The Israeli navy began intercepting the boats on Wednesday, and an Israeli official said the following day that boats with over 400 people on board had been prevented from reaching the Gaza Strip.

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Eastern coast sinking faster as sea level rises

Infrastructure, farmlands, livelihoods of millions at risk, shows a new study

WASIM BIN HABIB and PINAKI ROY

Bangladesh's eastern coast, a key zone for development activities, is sinking faster than the central and western coasts amid rising sea levels, posing threats to infrastructure, vast swathes of farmland and the livelihoods of millions of people, warns a new study.

The sea level along the Chattogram coastal plain in the east is rising by 4.73 millimetres a year, the highest rate in the country. In comparison, the sea level along the Sundarbans tidal plain in the west is climbing by 3.66mm and the Meghna estuarine floodplain in the central zone by 2.4mm a year.

On average, the sea level along the country's coastline is increasing by 4.58mm annually, compared to the Global Mean Sea Level (GMSL) of 3.7mm -- the average height of ocean surface -- with land subsidence amplifying the threat in several regions, said the study published in the scientific journal Geomatics, Natural Hazards and Risk in August.

According to the Intergovernmental Panel on Climate Change (IPCC) report, the GMSL rise has accelerated since the late 1960s, with an average rate of 2.3 mm a year between 1971 and 2018. It increased to 3.7mm a year between 2006 and 2018.

The study found that tidal range -- the gap

between high and low tides -- is increasing, particularly in the east, raising the risk of flooding and erosion.

It also said Bangladesh witnesses distinct seasonal cycles, with sea levels typically peaking in April and dropping in September. These variations are driven by local conditions, including tidal dynamics,

sediment flow, and land deformation.

The country's coastal zone, home to over 43 million people, sits just 1-1.5 metres above the sea level, meaning even modest rises over a short period could spell trouble for the region.

Explaining the contrast between the

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Insecurity grips
the family of
Khagrachhari girl

STAFF CORRESPONDENT, Ctg

The family of the girl, who was allegedly gang raped on her way home in Khagrachhari on September 23, said a sense of insecurity is heavily hampering their livelihood.

The girl's father told The Daily Star yesterday that he used to run a small tea stall at a local market.

The situation in Khagrachhari has returned to normal following the fierce protest over the incident, with the resumption of vehicular movement and reopening of shops.

The girl's father, however, is yet to reopen his shop.

"To reach the shop, I had to travel about a kilometre along the main road. I have not been able to reopen the stall yet out of security concern."

"I don't know how I will run my family now. I am an ordinary person, but this single incident has pushed our lives into darkness," he said.

Section 144 of the Code of Criminal Procedure banning gatherings is still in force there.

During a visit to the area, locals told this correspondent that both indigenous and Bangladeshi communities had been living peacefully side by side for years without any conflict.

"This single incident has divided us into two groups. If the accused are truly guilty, they should be punished. But above all, we want peace to return," one resident said.

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KEY ISSUES

- Eastern coast sinking faster than central, western
- Infrastructure, farmland, livelihoods at risk
- Tidal range increasing, heightening flooding, erosion threats

DATA AT A GLANCE

- Nat'l average sea level rise: 4.58mm per year
- Global mean: 3.7mm per year
- Chattogram coast: 4.73mm/year
- Sundarbans tidal plain (west): 3.66mm/year
- Meghna estuarine floodplain (central): 2.4mm/year
- Coastal zone population: over 43m