



KM Rezaul Hasanat David

ASIFUR RAHMAN

Bangladesh's power sector was long dominated by political influence, muscle power, and artificial crises designed to benefit a handful of companies during the deposed Awami League regime, said KM Rezaul Hasanat David, president of the Bangladesh Independent Power Producers' Association (BIPPA).

In a recent interview with The Daily Star, David said years of politically driven contracts and manipulated tenders had eroded fairness and efficiency in the industry. "Our industrialisation and foreign investment didn't grow because no one dares to invest big in an environment of corruption, bribery, and irregularities."

However, the situation has started to improve under the interim government, which has managed to maintain a stable power supply even with lower generation.

"How is it possible that there's no load-shedding at 14,000-15,000 megawatts of production? That's an indicator they're managing well," said the president of BIPPA, the main industry body representing private power generation companies in Bangladesh.

David, also the chairman and CEO of Viyellates Group, which owns Midland Power Company Ltd, said he was "overall satisfied" with the Power Division's current performance.

For instance, he pointed out that before Ramadan, the government had been unable to pay the arrears of independent power producers (IPPs), and a shortfall of about 3,000MW was expected if at least 5,000MW of furnace oil-based power was not purchased from them. "But they took only 2,000MW and still managed," he said, crediting efficient management and favourable weather.

He added that, unlike before, the government is gradually enforcing the rules, including the one on merit order dispatch, which prioritises cheaper power sources. "My own plant, despite offering lower prices, never got full demand before. Now the government is purchasing up to 90 percent of our capacity."

David, however, noted that IPPs are still owed around Tk 3,000-4,000 crore, equivalent to six months of payments, and that currency depreciation has caused heavy losses.

"We incurred over Tk 1,000 crore in losses due to exchange rate fluctuations," he said, explaining that while IPPs have to use dollars to pay for many expenses such as fuel and machinery, the government reimburses them in taka.

Speaking on energy resources, David said gas, which was once a blessing, has now become a luxury as some vested groups have obstructed "both domestic gas exploration and land-based terminal projects to protect their floating storage

and regasification unit (FSRU) business." "We're supplying gas through FSRUs, which are temporary solutions like rental plants. Even that capacity is almost fully used," he said, stressing the need for land-based LNG terminals with large storage facilities.

"If gas prices were low, it would be possible for us to stock up. But now we're in a hand-to-mouth situation. We have to buy even when prices rise. We've been hearing about land-based terminals for eight years, but there's no progress," he added. "If the interim government could at least float tenders for a land-based LNG terminal, that would be meaningful."

David also pointed out that recent renewable energy tenders drew few serious investors because of "unrealistic" conditions and the absence of sovereign

in power transmission. The garment and textile factories still suffer from voltage fluctuations, often dropping to 170-180 volts instead of the standard 220. "The supply backbone is still stuck at 132kV lines. If the government had privatised transmission like generation, quality would have improved."

Alleging that the previous administration was unfair, he said, "Some sold power at higher rates, some lower. There was no uniformity in ensuring equal rates. The government often acted based on convenience, which hurt taxpayers."

Furthermore, he added, "Influential companies got higher tariffs despite similar costs of fuel and machinery. Even open tenders were manipulated. Sometimes two out of three bidders were disqualified on technical grounds to

major action, possibly due to 'a lack of political courage'."

On the deal with India's Adani Power Plant, one of the major agreements under review, David said cancelling such a large international deal would be unrealistic. "If you cancel it, you have to pay billions in penalties, and we don't have the capacity to replace that much power."

He claimed, "The deal isn't too bad. The environmental risks are on the Indian side. They may adjust the coal prices, but not by much, because they know we have no alternative."

He also noted that a contract can be cancelled only if it is proven illegal or corruptly signed.

David also suggested that renewing contracts of older, efficient plants could be more economical than building new ones.

TAKEAWAYS FROM INTERVIEW

CORRUPTION & INFLUENCE

Power business ran on political influence and manipulation

Tenders were rigged to favour single bidders

Without reforms, the sector risks sliding back

Influential firms got higher tariffs despite equal costs

Performance of interim govt

Fewer load-shedding even at 14,000-15,000MW shows strong management
The rule of buying from cheaper sources is now being enforced gradually



guarantees. "Those with experience know the projects won't move forward once a political government returns. Who will finance a \$400-500 million project without guarantees? No bank will come forward," he said.

Nonetheless, he praised several of the interim government's policy steps, including the Merchant Power Policy, which allows industries to generate and sell their own power, calling it "a very practical idea if implemented properly."

The BIPPA president also welcomed the removal of restrictions on net metering, as it will inspire factories to generate their own power using rooftop solar. "It will reduce costs and fossil fuel usage."

He also spoke of outdated machinery

ensure a single winner."

He cited a case where one company won a tender for a power plant in Tongi at a higher price as the project was near Dhaka and land was costly. "But later, they applied to relocate the project to Noakhali. If Noakhali had been mentioned in the tender, others could have calculated land costs differently and bid accordingly."

"Such tricks were common in the power business," he added.

The BIPPA president welcomed the interim government's decision to review tariffs and contracts, saying those overcharging "should not only have their rates reduced but also be penalised." However, he added that the committees set up for this purpose have yet to take

"Old plants have already finished capacity payments. If renewed, they will only need to pay for fuel and maintenance," he said, adding that efficiency doesn't necessarily drop after expiry. "The government can compare offers and choose the lowest-cost supplier."

Overall, the businessman said the situation in the sector has certainly improved, but the progress will last only if future administrations stay committed to transparency and reform.

"If a future political government undermines that, we'll go back to the old days," he warned. "Only sustained reform and fair competition can ensure industrial growth and investor confidence."

China and US agree to fresh trade talks

AFP, Beijing

China and the United States agreed Saturday to conduct another round of trade negotiations in the coming week, as the world's two biggest economies seek to avoid another damaging tit-for-tat tariff battle.

Beijing last week announced sweeping controls on the critical rare earths industry, prompting US President Donald Trump to threaten 100 percent tariffs on imports from China in retaliation.

Trump had also threatened to cancel his expected meeting with Chinese counterpart Xi Jinping in South Korea later this month on the sidelines of the Asia-Pacific Economic Cooperation (APEC) summit.

In the latest indication of efforts to resolve their dispute, Chinese state media reported that Vice Premier He Lifeng and US Treasury Secretary Scott Bessent had "candid, in-depth and constructive exchanges" during a Saturday morning call, and that both sides agreed to hold a new round of trade talks "as soon as possible".

On social media, Bessent described the call as "frank and detailed", and said they would meet "in-person next week to continue our discussions".

Bessent had previously accused China of seeking to harm the rest of the world by tightening restrictions rare earths, which are critical to everything from smartphones to guided missiles.

US Trade Representative Jamieson Greer also participated in the call, according to the report by Chinese state news agency Xinhua.

Hours before the call, Fox News released excerpts of an interview with Trump in which he said he would meet Xi at the APEC summit after all.

Trump told the outlet that the 100 percent tariff on goods from China was not sustainable. **READ MORE ON B2**

Inflation targets are no match for fiscal neglect

REUTERS, London

"Inflation is always and everywhere a monetary phenomenon." Milton Friedman's famous dogma looks increasingly quaint today. In the face of unprecedented public debts, yawning budget deficits, and ever-increasing demands on the public purse, the ability of monetary policy to keep a lid on inflation looks an ever more quixotic task. New research reminds investors that it has ever been thus. If inflation is to be tamed, budgetary discipline is always and everywhere the ultimate prerequisite.

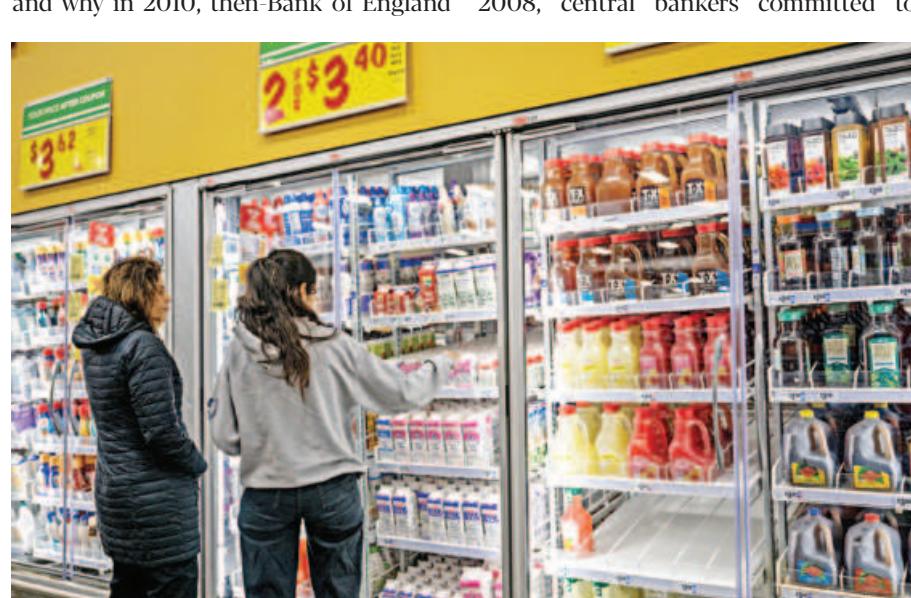
The modern consensus that central banks should focus on price stability – preferably summarised by an explicit inflation target – has some well-known flaws. One is that even when realised, low and stable inflation is not a sufficient condition for financial or economic stability. That became clear in 2008 when nearly two decades of stable prices across many advanced economies failed to prevent – and indeed probably contributed to – the build-up of colossal financial imbalances which imploded in a catastrophic crash. As two doyens of the central banking world put it at the time, two "NICE" (Non-Inflationary, Constant Expansion) decades led to a nasty "bust without a boom".

Another drawback is that while low inflation itself is desirable under ordinary economic conditions, it is not always so. At times of acute fiscal or economic stress – for example, when debts have

accumulated to unsustainable levels or when the labour market is adjusting to a major shock – inflation can be a crucial macroeconomic boon. That's why in 2008 the Harvard University economist Ken Rogoff advocated high inflation as the safest way of defusing the risks inherent in the debt overhang following the collapse of the US housing bubble; and why in 2010, then-Bank of England

governor Mervyn King justified having tolerated inflation at 5 percent for two years in place of higher unemployment. Price stability is not an end in itself. Sometimes there are bigger fish to fry.

These two niggles with inflation targeting are now well known. Some central banks have even tweaked their mandates to correct for them. After 2008, central bankers committed to



Customers shop for produce at an H-E-B grocery store in Austin, Texas. At times of acute fiscal or economic stress – for example, when debts have accumulated to unsustainable levels – inflation can be a crucial macroeconomic boon.

Can Bangladesh get rid of corruption?

MAMUN RASHID

I went to my village home a few weeks ago. My uncle, a veteran of the 1971 Liberation War, does not mind paying extra to secure a job for his graduate son. In Bangladesh, stories like this have become commonplace. Corruption is so embedded in our urban and rural society that none of my friends believe we can be rid of it. At times, we even feel relieved to find someone who will accept a bribe to get a job done. The line between right and wrong has become conveniently blurred and is often compromised.

A recent survey by the Bangladesh Bureau of Statistics (BBS) shows a troubling truth: nearly one in three people reported paying bribes for essential public services. With a sample of over 84,000 individuals across the country, this is not a fringe issue but a national crisis. The Bangladesh Road Transport Authority (BRTA) tops the list of the most corrupt institutions, with more than 63 percent of citizens reporting they were forced to pay bribes. Close behind are law enforcement agencies, the Department of Immigration and Passports, and the Directorate of Registration. These are not just numbers. They reflect the experience of countless citizens who find the system stacked against them when they try to do the right thing.

It is easy to blame corrupt officials or inefficient institutions, but the roots of the problem go deeper. Why do people offer bribes? Because they believe it is the only way to get things done. We accept, and even expect, corruption. It has become a tool, not just for the powerful, but for ordinary people trying to survive in a broken system. And this normalisation is perhaps the most dangerous part of all.

We need to ask ourselves some uncomfortable questions. Every time we slip a note to an officer to speed up a file, or call someone for a favour, we reinforce the very system we claim to hate. We complain about corruption but willingly participate when it suits us. Real change will not come from a few anti-graft raids or the transfer of a corrupt official. It will come when we stop seeing bribery as a shortcut and start seeing it as a betrayal of our rights and responsibilities. It will come when citizens demand better and refuse to pay for what they are entitled to. So, who is sponsoring this corruption? It is you, me, and all of us. But that shared responsibility is also a source of power. The question is, what do we do with that power?

First, there is technology. It is not a magic fix, but it is a powerful enabler. Countries such as India have reduced leakages in welfare and ration distribution by using biometric IDs and direct cash transfers. In Bangladesh, expanding digital platforms like MyGov, mobile banking, and online service applications could also cut out the need for personal contacts or unofficial payments. When people do not have to queue in an office or deal directly with an official, the opportunities for bribery fall dramatically. Digital footprints also make it easier to track irregularities and hold people accountable.

Second, value-based education is not a side issue. It is fundamental. If we want a generation that refuses to normalise corruption, then honesty, civic rights, and responsibilities need to be embedded in the classroom. Civic education must go beyond textbooks and become part of how students understand the system. Informed citizens make better demands, and stronger institutions respond to that pressure.

Third, we need leadership by example. When high-ranking officials or public figures are seen to be using influence or dodging accountability, it sends a powerful message. But when the opposite happens, when someone faces consequences despite their connections, it begins to restore faith. That is not just good governance; it is nation-building.

The writer is an economic analyst

incorporating financial stability into their decision-making by monitoring asset prices, balance sheets, and excessive risk-taking. The Bank of England, for example, established a Financial Policy Committee to monitor systemic financial risks alongside its rate-setting Monetary Policy Committee. As for inflation targets themselves, some central banks are now explicit in treating them less dogmatically. Thus in 2020 the Federal Reserve adopted "Flexible Average Inflation Targeting" in place of its prior strict 2 percent objective – giving the US central bank some room for manoeuvre.

Yet there is a third and more fundamental question hanging over inflation targeting which goes beyond what any such add-ons can correct: how effective is it.

On the face of it, the most compelling argument in its favour is the so-called "Great Moderation" itself: the three decades after 1990 when the high and volatile inflation of the 1970s and 1980s gave way to price stability. Yet the suspicion has always lingered that much of the near-worldwide death of inflation was really due to structural changes in the global economy: the widespread implementation of privatisation and deregulation over the same period, and the influx into the global labour force of hundreds of millions of new workers as a result of the collapse of communism, the opening up of China, and the liberalisation of global trade.

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