

The Daily Star

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Let the ACC work independently

Abrupt resignation of ACC leadership raises questions

In the polite lexicon of bureaucracy, it was termed a voluntary resignation. In the harsher reality of power politics, it was allegedly a forced exit. On Tuesday, Mohammad Abdul Momen, chairman of the Anti-Corruption Commission, and his two fellow commissioners abruptly vacated their posts just 15 months into their five-year terms. Momen wryly observed that a new political government "will naturally want to work according to its own manifesto." This sudden exit is still a worrying signal about the trajectory of the new administration, as it raises the possibility of partisan influences.

Under Momen's brief leadership, the ACC was uncharacteristically active. Installed by the interim government in December 2024 to clean up the rot left behind by the ousted Awami League regime, the commission moved with unusual resolve. It targeted a sprawling nexus of oligarchs, politicians, and phantom corporations that had long treated the national exchequer as a private slush fund. The scale of its actions was striking. In 2025 alone, the ACC froze or attached assets worth over Tk 29,300 crore (roughly \$2.5 billion), compared with a paltry Tk 11 crore the year before. It impounded nearly 7,000 acres of land, locked down 1,360 bank accounts holding highly liquid cash, and froze shares in 105 companies worth Tk 8,000 crore. These actions amounted to a systemic dismantling of complex financial laundering operations.

More importantly, the commission pursued figures long considered untouchable. It filed sweeping charges against Mohammed Saiful Alam of S Alam Group for the alleged multi-billion-dollar plundering of Islamic banks. It also pursued former ministers and power-brokers such as Salman F Rahman, uncovering ghost exports and fictitious development funds. For a country whose banking sector has been chronically hollowed out by non-performing loans and crony capitalism, the ACC was performing a form of economic triage.

Momen's departure carries an irony of its own. He was forced into early retirement by the Awami League in 2013 precisely because of his past association with the late BNP leader Khaleda Zia. More than a decade later, he has again been pushed aside, as per sources in the ACC—this time under a different political dispensation. The forced stepping down of an anti-corruption panel just weeks after it took office reveals something about the new leadership's priorities. The rhetoric of reform is easily deployed on the campaign trail; the reality of reform is now beginning to unfold.

It remains to be seen whether the new ACC leadership, whoever that is, can work independently and without government interference. The newly elected government campaigned on a promise to restore the rule of law. We hope it does not mark a depressing return to business as usual. The government must ensure that the state's oversight mechanisms are not treated as mere extensions of the ruling party. Bangladesh's economy lost billions of dollars over the past decade. The bleeding must now be stopped.

Recent BB directives are concerning

They may aid businesses, but can push up bad loans too

The two directives issued by the Bangladesh Bank following the new governor's appointment are concerning, considering the banking sector's recent struggle with non-performing loans (NPLs). One circular relaxed the rules for the renewal of continuous loans, and the other instructed banks to allow special term loan facilities to export-oriented firms to pay their February wages. There are several reasons why these directives, despite being major incentives for the business community, could become problematic.

First, as a policymaking body, BB should not dictate what loans commercial banks provide, to which industries, or under what terms. The terms and purposes of loan facilities that a bank offers should depend on said bank's assessment and relationship with its clients. Besides, working capital loans, mostly used to cover supply bills and wages when cash inflows are tight, are already offered by banks to sound businesses. Export-oriented status alone should not qualify a business for special term loans to pay salaries. One may argue that export-oriented industries received a similar incentive in April 2020 during the Covid pandemic. Although merchandise exports have slumped in recent months, the economy has not yet reached the same emergency state as during the pandemic. So, there is no reason export-oriented industries should need special support to pay wages and salaries now.

The other directive regarding the renewal of continuous loans is also worrisome as it has high potential for misuse. It says banks must start the renewal process of continuous or revolving loans at least two months before expiry, and renewal will still be allowed after expiry, with documentation justifying the delay. The circular issued in June 2025, during the tenure of the previous governor, Ahsan H Mansur, did not allow banks to renew loans after they expired. This meant banks had to review revolving loans well before their expiry, decide if the borrower might fail to repay, and set aside money to cover for any potential losses.

With the rules relaxed by BB under the new governor, banks can delay loan renewals, provide documentation to justify the delay, and postpone setting aside provisions for potential losses. This creates room to conceal weak loans, inflate profits, and understate capital requirements—factors that have contributed to the high percentage of NPLs and the current fragility of the banking sector.

We warned about a potential conflict of interest when Md Mostaqur Rahman, a garment entrepreneur by profession, was appointed as the central bank governor. These two directives suggest that our concerns may not be unfounded. As the world awaits an impending economic crisis, we expect more cautious and prudent policy decisions from the central bank.

THIS DAY IN HISTORY

Boston Massacre

On this day in 1770, harassed by a mob, British troops opened fire, killing Crispus Attucks and four others in the Boston Massacre, an event that galvanised anti-British feelings in the lead-up to the American Revolution.

What the govt must do to tackle power and energy crises



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Having taken office at a critical juncture for Bangladesh, the newly elected BNP government faces some pressing challenges. Among the immediate tasks it needs to deal with is addressing the growing power and energy demands, tackling which will require careful planning and fiscal prudence. Several interrelated issues underscore the situation: rising summer power demand during Ramadan and peak irrigation; the country's heavy import dependency that exposes it to energy supply disruptions and price volatility; the need to address the International Monetary Fund's (IMF) concerns over power and energy subsidies under its \$5.5 billion loan programme; and the imperative to avoid sharp tariff hikes that could undermine the competitiveness of the country's export-oriented apparel industry.

It is in this context that the new government must translate its election manifesto pledge—raising renewable energy capacity from its current 5 percent to 20 percent by 2030—into concrete action, particularly by working towards attracting investors.

Bangladesh generally experiences a surge in peak power demand every summer due to rising temperatures. Last year, however, was an outlier, when the country saw a dip in peak power demand, resulting from lower temperatures in April 2025 compared to April 2024, and 62.9 percent more precipitation than usual in May 2025. In addition, many industries had suspended operations because of financial challenges.

With early signs of an uptick in power demand in January-February this year, Bangladesh will likely require higher generation levels this summer. Research by the Institute for Energy Economics and Financial Analysis (IEEFA) shows that between January 19 and February 18 this year, peak power demand soared up to 6.5 percent compared to the same period last year. With the ongoing irrigation season coinciding with Ramadan, and as temperatures rise further in March, this trend may intensify.

Therefore, the new government

should consider formulating a power supply rationing plan without affecting industries and businesses to safeguard economic activities. With the Bangladesh Power Development Board's (BPDB) payment backlog to private power producers exceeding Tk 25,000 crore, the government also needs to clear dues to avoid massive power supply disruptions.

With growing geopolitical tensions that may result in surging fuel prices in the international market, the government must also work towards developing an ecosystem



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that encourages judicious energy use across the country. This could include motivating households, industries and businesses to adopt efficient appliances and working on bringing in behavioural changes among people. To that end, the Sustainable and Renewable Energy Development Authority (SREDA) should plan and execute national awareness-raising campaigns on energy efficiency and conservation. Additionally, rationalising high import duties on components of efficient appliances would help reduce upfront costs and make them affordable. Meanwhile, government offices should work to implement the SREDA-developed benchmark energy consumption standards for different appliances at all levels.

will require the BPDB to raise the average bulk electricity selling price for distribution utilities by more than 25 percent and adjust the retail price. This may adversely affect the country's apparel sector.

For instance, the textile industry, with a sanctioned load of 5MW operating for 12 hours a day, pays roughly Tk 10.935 per kWh, which is around 6.4 percent less than its Vietnamese counterpart. This is calculated based on the peak and off-peak power tariff and demand charge of Bangladeshi industries connected to a 33kV line and peak, off-peak and standard tariffs of Vietnamese industries.

The new government will need to consider a rational adjustment for industry. This is especially relevant for the apparel sector, which accounts

for more than 80 percent of the country's export earnings. Moreover, instead of passing all costs on to the consumers, the government must focus on enhancing energy efficiency and reducing wastage. For instance, by limiting losses due to leakage and pilferage, which amount to more than 7,000 crore cubic feet per annum, Bangladesh may slightly reduce capacity payments by redirecting part of this saved gas to independent power producers (IPPs) operating at lower capacity, thereby reducing the power generation cost.

Besides, the government can refrain from adding new fossil fuel-fired plants and catalyse the uptake of cost-competitive renewable energy that will help limit costs by replacing expensive peaking power plants during the day. In the medium term, it should explore the South Asian region's vast hydro potential, such as in Nepal, building on its 40MW power trade agreement with the nation. Simultaneously, the country could explore the feasibility of exporting surplus power to Nepal during the winter season, when hydropower generation falls.

Unless Bangladesh makes efforts to control power generation costs, price hikes alone will not significantly minimise the subsidy burden.

ATTRACTING RENEWABLE ENERGY INVESTMENT

New investments in the renewable energy sector almost stagnated in 2025 due to a lack of new projects. Prior to this, the sector had roughly attracted investment worth \$238 million per annum on average. The new government's intention to expand renewable energy capacity to 20 percent by 2030 should help accelerate the annual flow of investment by 4.1 times compared to the previous trend. This will necessitate mobilising private and international capital at scale, for which a viable project pipeline is key.

The government must urgently engage with key renewable energy stakeholders, including investors and financiers, to identify and resolve barriers to investment. Unless these concerns are resolved, the renewable energy sector's growth will likely remain sluggish, and the country will fall short of its 2030 goal. Once the government overcomes these initial challenges, it will have scope to manoeuvre the energy and power sector through well-devised plans, backed by funding allocations in the upcoming budget for FY2026-27.

The cost of a comma

Documentation errors are the 'hidden tax' on Bangladesh's exports

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A shipment leaves Chattogram port. The goods arrive on time. The buyer is ready to pay. The exporter waits. Then comes the message no exporter wants to see: documents discrepant. This could be a minor mismatch between the commercial invoice and the letter of credit, or a date formatted incorrectly, or a phrase missing in the bill of lading. Nothing is wrong with the goods or the contract. But the bank cannot release the payment.

In global trade, precision is everything. Behind every export shipment from Bangladesh's garment factories, leather units, pharmaceutical plants, and ceramic workshops is a thick stack of documents—invoices, packing lists, transport documents, certificates—examined strictly under international rules such as the Uniform Customs and Practice for Documentary Credits (UCP 600). Banks do not assess whether the goods are satisfactory; they assess whether the documents comply exactly with what the buyer's bank has stipulated. Even a minor inconsistency can turn a clean transaction into a delayed one.

According to estimates by the International Chamber of Commerce,

a significant share of documentary presentations worldwide contains discrepancies. In some studies, this share accounts for well over half of documentary presentations. While many are eventually resolved, each discrepancy triggers communication cycles among exporters, importers, and banks. Time passes. Cash flow tightens. Uncertainty grows.

For Bangladesh, an export-driven economy, these delays matter more than we often acknowledge.

Our exporters operate in highly competitive markets where margins are thin and payment timelines are critical. A delayed letter of credit settlement can disrupt working capital planning. Salaries must still be paid. Raw materials must still be purchased. Loans must still be serviced. And when funds are tied up because of a documentation mismatch, firms may rely on short-term borrowing, thus increasing their financing costs.

For small and medium-sized exporters, the consequences can be even more impactful. Larger firms often have trained compliance teams and well-established banking relationships. Smaller firms may depend on external agents or limited internal expertise to prepare documents. A single avoidable error can strain relationships with overseas buyers and reduce future orders.

Economists describe these frictions as transaction costs—the hidden expenses beyond production and shipping that influence the true cost of trade. In theory, global

trade is governed by contracts and comparative advantage. In practice, it is governed by paperwork.

The irony is difficult to ignore. We live in a time when consumers can transfer funds across continents within seconds via mobile apps. Yet, much of Bangladesh's export trade still relies on paper-based documents couriered across borders and manually checked line by line. A missing word in a transport document can delay a payment worth hundreds of thousands, sometimes millions, of dollars.

This is not to blame banks for strictness. Documentary trade finance exists precisely because trust must be institutionalised. Buyers and sellers across continents may never meet, so banks step in as neutral intermediaries. Documentary compliance protects all parties from fraud and ambiguity. Here, precision is not a bureaucratic obsession, but rather a necessary risk management mechanism.

But when discrepancy rates are persistently high, the issue becomes systemic rather than incidental.

If Bangladesh is aiming to strengthen its export competitiveness beyond traditional sectors and move up global value chains, efficiency must extend beyond production and logistics to documentation and compliance as well.

First, investment in document literacy is essential. Many discrepancies arise not from negligence but from misunderstanding the detailed requirements embedded

in letters of credit. Structured training programmes for exporters, particularly SMEs, can significantly reduce recurring errors. Second, digital trade documentation deserves more attention. Electronic presentation of documents, digital bills of lading, and automated compliance checks can reduce clerical mistakes and courier delays. While global adoption remains uneven, early movers stand to benefit from faster processing times and lower operational risk. Third, closer coordination among banks, trade bodies, and policymakers could help identify common discrepancy patterns in Bangladesh's export ecosystem. If certain errors recur frequently, targeted guidance and sector-specific support could meaningfully reduce friction.

Finally, exporters themselves may need to treat documentation not as a final administrative step but as an integral part of the trade strategy. In a world where buyers increasingly value reliability and speed, document precision becomes a competitive advantage.

Bangladesh has demonstrated remarkable resilience and growth in exports over the past decades. But sustaining and expanding that success requires attention to details which rarely make it to the headlines. Sometimes, the barrier to timely payment is not the quality of the goods, nor the strength of global demand. It is the cost of a comma. And in a competitive global marketplace, even a comma matters.