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Govt alone felled over 7 lakh trees last year
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World on 'highway to climate hell', says UN chief
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The Daily Star

Abul Hassan Mahmood Ali unveils fiscal goals in his maiden budget in parliament today. Will he be able to fix the precarious state of the economy?

ARUN DEVNATH

It's not the best of times. It's not the season of light. The future will tell whether it's the period of Dickensian despair on the economic front. But this is not the moment for business as usual, for sure.

The cycle of economic exhilaration that portrayed Bangladesh as a stellar performer in Asia for a decade is no more on the steady ground that it once was. A triad of crises is now seeping into every corner of the economy. Inflation is an index of chronic consumer pain. The exchange rate shock is hurting almost everyone. Foreign exchange reserves are still haemorrhaging — half a billion dollars per month.

A sea of red ink appears on the horizon as almost all indicators depict a gloomy picture. GDP growth has come down from its exuberant peak. Stock prices continue to drift downward. Most banks, save for a dozen, are lurching in and out of fund shortages. The zombie banks kept alive for too long are dragging the sector down.

Is the economy becoming a chronic patient? Perhaps not. But it's grievously bruised and needs to be healed and fast. Years of stability lulled us into believing everything was perfect. People in almost every sphere became habituated to an equilibrium of low inflation, low interest rates and low exchange rate volatility. Under this apparent calmness was a layer of stress.

Then the global crisis came more as a trigger than a cause, exposing Bangladesh's vulnerabilities. Now the tinted perception of the economy is wearing off, acceptance of which we are resisting.

The new fiscal year starting in July could be another perilous year amid a confluence of global economic headwinds and the lingering effects of the government's past misguided steps.

As Abul Hassan Mahmood Ali unveils fiscal goals in his maiden budget as the finance minister today, he will come under sharper scrutiny than his predecessors who managed the economy in the past 15 years.

Sadly, Ali has inherited a wounded economy, but he doesn't have to live with a controversial legacy left by AHM Mustafa Kamal, his immediate predecessor, whose 6/9 percent interest rate formula that afflicted the banking sector for three years will go down in history as the most perverse practice. Its toxic fallout, some say, still lingers as it created unnecessary aggregate demand for credit leading to inflationary pressure. Inflation, equivalent to a highly regressive tax on already stagnating wages and salaries, doesn't seem to be coming down to a tolerance level so soon. It will be a long slog for the government to tame consumer prices.

Ali, 81, was well known for foreign service, but not so much for economic management. Still, the heavy lifting of budget planning fell on his frail shoulders right after he took the helm of the country's finance ministry in January. And it's playing out at a time when Bangladesh faces one of the worst economic crises in history. Now, he is diving into a territory that requires a coordinated policy approach to bring the economy back on track.

That's an enormous task.

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The Daily Star

Govt to rely more on local banks than foreign funds

REJAU KARIM HYRON and ASHUR RAHMAN

The government will rely more on domestic bank borrowing than foreign financing in the next fiscal year, intensifying pressure on the economy.

In the revised budget for the current fiscal year of 2023-24, the net foreign financing was cut by 25 percent due to the increasing debt servicing cost and low utilisation of foreign funds.

Net foreign financing is calculated after excluding the expenditure on debt servicing.

The net foreign financing is likely to be reduced by 12 percent in 2024-25. In the current fiscal year, Tk 102,490 crore was allocated as net foreign financing, which was later reduced to Tk 76,293 crore.

DEBT SERVICING	
FY25*	\$5.18b
FY24	\$3.72b
FY24 (revised)	\$3.83b
FOREIGN LOAN UTILISATION	
FY25*	\$12.86b
FY24	\$13.17b
FY24 (revised)	\$9.65b
*Probable	
Foreign aid in the pipeline as of April 24: \$46b	

The amount will be Tk 90,700 crore in FY25.

In the revised budget, the allocation for debt servicing has increased by 27 percent to \$3.83 billion, including principal amount and interest payments. The expenditure climbed 15.8 percent due to the depreciation of the taka and stood at Tk 42,000 crore.

When the budget was placed last year, an exchange rate of Tk 99.16 per dollar was used. An exchange rate of Tk 110 per dollar has been taken into consideration in the case of the revised budget of FY24 and the proposed budget for FY25.

On May 8, the central bank, however, fixed Tk 117 as the mid rate as it looks to allow the market to set the exchange rate.

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The Daily Star

Modi invites PM to his inauguration

Hasina congratulates him on polls victory
STAR REPORT

Indian Prime Minister Narendra Modi yesterday invited his Bangladeshi counterpart Sheikh Hasina to attend the swearing-in ceremony of his government on June 8.

Hasina accepted the invitation, Noorelahi Mina, PM's deputy press secretary, told the media yesterday, reports UNB.

In a telephone conversation yesterday evening, Hasina congratulated Modi on the resounding victory of National Democratic Alliance (NDA), led by the Bharatiya Janata Party, in the 18th Lok Sabha elections.

"This victory of NDA

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The Daily Star

Modi likely to take oath as PM on June 8

Elected as leader of BJP-led NDA with crucial support from Janata Dal(U), Telugu Desam Party

PALLAB BHATTACHARYA, New Delhi

Narendra Modi moved a step closer to becoming India's prime minister for a third successive time as he was unanimously elected the leader of the BJP-led National Democratic Alliance yesterday.

The only other Indian to have been elected prime minister three times in a row was the country's first PM and Congress stalwart Jawaharlal Nehru.

Modi will take oath on June 8. Leaders of the NDA passed a proposal to this effect in a meeting at Modi's official residence in New Delhi's Lok Kahan Marg.

The decision came a day after the NDA won 293 seats in the Lok Sabha election, giving them a majority in the 543-member legislature. The alliance is likely to stake claim to form government for the third consecutive time.

Bihar Chief Minister and Janata Dal (U) supremo

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The Daily Star

'New law may dent BTRC's autonomy'

Experts say as draft act gives ministry power to remove its commissioners

MAHMUDUL HASAN

The government will have the power to set the terms of removal and resignation of the commissioners of the telecom regulator, according to a draft law.

Currently, when a commissioner of the Bangladesh Telecommunication Regulatory Commission faces allegations of conflict of interest, corruption or abuse of power, a committee of Supreme Court judges investigate the matter and the government takes action as per its recommendations.

According to recent changes made to the draft telecommunications act, the ministry will handle such matters.

According to telecom and ICT specialist TIM Nurul Kabir, the BTRC would lose whatever autonomy it has if the ministry has such power.

"The BTRC should be autonomous," he said. At a discussion on the draft law, BTRC Chairman Mohiuddin Ahmed yesterday said, "I want to perform my duty without fear or intimidation. I am an engineer with years of experience. I am 64. If someone supervises me and tells me what should or should not be done, my brain does not function."

The discussion at the ICT Division was organised by the Telecom and Technology Reporters Network AS

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BCL leader murders activist in broad daylight

OUR CORRESPONDENT, Brahmanbaria

A Chhatra League leader shot and killed an activist of the pro-Awaraj League student body in broad daylight in Brahmanbaria yesterday and walked away in plain sight after the murder.

Ayesha Rahman Iqbal, 22, a second-year student of Botany (honours) at Brahmanbaria Government College, was shot by district Chhatra League Vice President Hasan Al Farabi Joy in Brahmanbaria town's College Para Hostel area.

Quoting witnesses, Mohammad Hossain, officer-in-charge of Brahmanbaria Sadar Model Police Station, said supporters of Chhatra League, took out a victory procession in front of the Christian Mission AS

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