

# ENERGY: TAKE THE BULL BY THE HORNS

It needs no rocket science to understand the state of Bangladesh's economy. It's not in good shape. The common people have long been enduring the pinch of the deteriorating economy. The cost of living has remained high with inflation hovering around 9% for the past two years. It all started before the US-Israel war on Iran with the spreading conflicts worsening the situation, not only in Bangladesh but globally. Bangladesh like many other countries is facing the headwinds both from domestic vulnerabilities and external factors, especially the latest outbreak of the Middle East war. It has forced the newly elected government of Prime Minister Tarique Rahman to continue with tight monetary and fiscal policies.

government has, however, requested for a deferment of the graduation citing lack of preparations stemming from domestic political changes and the adverse global condition. The country's struggling businesses have rather pressured the government to seek more time to reach the milestone in its development journey. The issue is now on the table of the relevant UN organizations.

The country's global lenders have already projected slower economic growth for fiscal 25-26. The World Bank projects a GDP growth at 3.9%, down from its earlier projection of 4.6%. The Asian Development Bank has lowered the growth to 4% from the earlier projection of 4.7%. The growth



Not long ago Bangladesh's economic growth drew special global attention. With the growth crossing 7 percent at one stage the growth was being seen as a model for economic development. Bangladesh, dismissed as a basket case at its birth five decades ago, qualified to graduate from the LDC status by 2026 with all the necessary criteria necessary to fulfill for the prestigious jump. The BNP

projection from the International Monetary Fund has been slightly better at 4.7%, though it says it may dip to 4.3% in FY26-27. The inflation rate, according to IMF projection, may rise to 9.2%.

The projections reflect the mood of local businesspeople. For the past few years the investment scenario has remained unsatisfactory. The high interest

## Reverse Swing



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rates have discouraged businesses from making any new investment. At his latest meeting with a new batch of businesspeople the premier has stressed the need for developing the agriculture and agro industries. His call has been to focus on the northern region of the country. It's not because his home district Bogura sits in this region, but mainly the region offers to become a hub of agriculture and agro businesses.

The region is already contributing towards the country's agricultural growth. But mere new attention does not solve the problem. What is needed most is gas and electricity to power the growth the premier wants to achieve. The news from the power and gas sectors is not good. The availability of gas from its reserves is declining. The US-Israel war on Iran has severely disrupted the supply chain of LPG and oil from the Middle East. Bangladesh's dependence on imported LPG and oil has compounded its fragile energy security. We should not have pushed the country to such vulnerability. Wrong policies are to be blamed. We should have focused more on exploring our own natural gas resources instead of imported energy.

Priority should have been given on solar energy. Policy should have been directed towards reducing the prices of the materials required for installing solar panels. Has it been right for us to ignore the environment-friendly extraction of our coal reserves? The summer season has already arrived amid concerns about energy shortage. Power outages are being forecast as the authorities are unable to produce enough electricity despite the higher capacity. The rural towns and villages are reportedly ensuring load-shedding.

With the Middle East crisis continuing despite a fragile truce we need to tackle the energy situation as if. [EP](#)