

Long route bus fare reduced

On paper only

IT has become a common practice in Bangladesh that with the slightest hint of price hike in the international market we see disproportionate, abnormal and immediate increase in local prices of imported goods. But when price falls in the global market, logical adjustment in local prices hardly follows. In the case of fuel this trend has become more pronounced. It took the government almost two years to cut down the price of fuel, though it is nominal and inconsistent with the global price glut.

We are yet to see any visible effect of this change in fuel prices in public life. The reduced fair in public transports, that too on inter district routes only, has come into effect only on May 15. But there are allegations that many bus operators are charging previous fares. The passenger welfare committee made this claim after monitoring bus fares on 55 routes in Dhaka and Chittagong. And the reduction in fares is very paltry as to have made the reduction only notional. A leading transport service provider has claimed that it did not get the revised fare chart as yet. It clearly shows lack of coordination in implementing the government decision.

We urge the government to reconsider the amount of reduction in fare. It should reflect the change in the global fuel price. The authorities should also implement the revised fair chart without further delay.

Kutubdia's energy crisis

Make sure the windmills work

IT is a puzzle that despite a significant investment in wind turbine power that should have produced enough electricity to cater to the demands of Kutubdia's 1.75 lakh residents, most of them must live in darkness for hours on end. This includes schoolchildren who must continue to study with the help of kerosene lamps.

The answer to the riddle seems to be tied up with official apathy towards maintenance and repair of the windmill that cost 15 crore to build. The one that now erratically produces electricity had been battered by natural disasters and eventually sank below the seabed. It took ten years to be repaired and that too not properly. Why would something as essential as a power generating infrastructure take so long to get government attention?

We are informed that a second windmill project is underway promising more electricity. But judging from the previous record of how such a project is monitored and run, we cannot be very hopeful. This pessimism is compounded by misgivings expressed by locals who say that the new project is moving at a snail's pace and it is possible that there were flaws in the first windmill's construction causing it to be damaged.

Wind energy is one of the most innovative, sustainable forms of renewable energy and we must laud the government for initiating such projects. But it is crucial that the government ensures that windmills are built strongly enough to withstand the onslaughts of nature. Monitoring of the projects and regular maintenance should be routine exercises. The price of electricity, moreover, should be made affordable for the residents of the islands, most of whom are from low income backgrounds. The whole point of producing renewable energy is to make sure it is accessible and affordable to everyone.

VAT law could spell trouble



SYED MANSUR HASHIM

PRICES of consumer goods are set to rise with the introduction of a flat 15 percent value added tax (VAT) by the government. The Federation of

Bangladesh Chambers of Commerce and Industry (FBCCI), the apex trade body has called for amendments to be made to it under a joint panel. The concern is that the new proposed law will bring exemption on more than 1,900 goods and services and the introduction of a uniform, flat rate of 15 percent VAT will send prices of many goods and services soaring. This will adversely affect the competitiveness of many local industries that will then struggle to compete against imported products.

Obviously, the average consumer will be adversely affected. The price of electricity and edible oil will become dearer, as will paper and MS rod (used in construction), all of which are now VAT-exempt will have to count the cost of an additional 15 percent out-of-pocket expense for consumers. And the rise in prices will indirectly affect the government, as some of these items are needed for the several mega projects that the government has initiated, including the metro rail, the Padma Bridge, flyovers and other construction works.

That the government needs to increase revenue is understandable, given that we are looking at wholesale promotions within the bureaucracy and a new revised wage board that has to be implemented for state officials. However, one has to take into account at

what cost will revenue be increased. Going by what has been published in the press, everything from electricity to apparels will be more expensive – products and services will boast at least a 15 percent increase in selling price.

Indeed if we go by what has been presented by the National Board of Revenue (NBR), consumers will be hit by price increases on almost all essentials should the new law be

Einstein's acumen to do the math as to how much more consumers will have to pay. As pointed out by NBR, VAT at 15 percent will end up at consumer level, a rise in prices up to 20 percent.

Experts have been quick to point out that thousands of items that had once been exempt are now going to be coming under the new law, products and services across the board will become pricier. What is perhaps not

are they going to do? Will they lose customers or will they bring in less profit by not charging customers to the full brunt of the revised VAT? And if so, will they still be in the green with regards to profit? This is a tricky question, which can probably be better answered by economists.

Cost of electricity is a constant headache for consumers. It has risen systematically over the course of the last few years, regardless of the reduction of prices of crude in the international markets. The reduction in price of furnace oil has only just started and that too will be introduced in phases. The little benefit that consumers could have had is now being shot down with a flat VAT surcharge of 15 percent. Going back to NBR's assessment, we find that with the passage of the new law, some 1,973 products will come under the purview of VAT. These products will cost more and consumers will pay more. Local industry will face an increase in production costs as prices on 85 products will rise. To cite an example from a report of Prothom Alo on May 15: MS rod (an essential prerequisite to construction) will see a retail price hike at Tk. 7,000. A Tk. 7,000 rise per ton is BIG news for commercial builders to would-be home owners to, as stated before, the government implementing several mega projects.

Perhaps, there is need for a review of this flat rate VAT that is being proposed. We certainly do not wish to end up in a situation where the upcoming budget will have to be revised once again because we failed to do our homework on cost escalations that will come thanks to this proposed 15 percent rise in VAT.

The writer is Assistant Editor, The Daily Star.

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implemented in its present form. It will lead to a rise in living cost for citizens, but the downside, as already mentioned before, will affect government expenditure too – as cost of raw materials will rise. The rise in the cost of living is something that should have policymakers worried. Most consumers at present are paying 4 to 5 percent VAT, and what has been proposed is a jump to 15 percent. It does not require

being looked into is that incomes of the middle class are not going up at the same rate as the new VAT ceiling and consequently, there is fear that demand for many products will come down as the family budget will have to be reassessed, i.e. consumption of some items will have to be curtailed to take into account the price regime. That puts producers and businesses, mostly small and medium enterprises in a fix. What

Making Bangladesh ready for renewables

SOHARA MEHROZE SHACHI

ALL his life, farmer Nasiruddin saw his poverty ridden village in complete darkness after dusk, with electricity being a distant dream. That changed last year when he installed a solar lantern system.

"Life used to stop here after sundown," he says, "Kerosene lamps were expensive. My children studied in candle light with a lot of difficulty, and we couldn't do any work properly at night. But now solar power has changed all that."

Nasiruddin's case is emblematic of that of millions of Bangladeshis living in underdeveloped areas of the country, such as the enclave in which he lives, most of which don't have electric grids. The energy starved nation faces significant challenges to achieve its vision of universal electricity access by 2021 by relying only on grid power development. The dispersed nature of rural settlements and the numerous rivers that crisscross Bangladesh make grid electrification difficult and expensive. It is also environmentally unsustainable, as it is primarily dependent on fossil fuels, which exacerbate global warming.

In recognition of these challenges, the government promoted the development of off-grid renewable energy schemes as one of the viable near-to-medium-term options to provide electricity for millions of households in the remote areas of the country. And development organisations have got onboard. Some organisations, including the UNDP through their Sustainable Renewable Energy for Power Generation (SREPGEN) project of which Nasiruddin is a beneficiary, provide solar lanterns to those who do not have grid connection in rural areas and cannot afford solar home system, with a portion of grant via partner organisations. The aim here is to reduce the annual growth rate of GHG emissions from fossil fuel-fired power generation by exploiting Bangladesh's renewable energy resources for electricity generation.

Measures to promote renewable energy investment can be expected to improve energy security, generate employment and serve as a cost-effective GHG emission reduction option. In

recognition of this fact, the government has set up the Sustainable and Renewable Energy Development Authority (SREDA) to develop policies for renewable energy and energy efficiency programmes, and to mobilise resources for such programmes in Bangladesh. But the renewables landscape is still riddled with challenges. Organisations assert that solar energy is costly, and the components being imported have high duties. Currently the high tariffs are driving up the cost of equipment such as solar lanterns, rendering them unaffordable for many without external financial assistance. To

there is no central repository of renewable energy information. Moreover, access to these data is difficult, as it requires contacts with various government departments, discouraging potential renewable energy developers and investors.

Moreover, as one of the most densely populated nations of the world, land is a scarce commodity in Bangladesh. Disputes exist regarding land ownership in different parts of the country, which makes installation and scaling up of solar photovoltaic difficult, according to Saiful Alam, Director of Dhaka University's Energy Institute. However,

lay the framework now for sustainable development.

With that aim, civil society organisations and climate conscious people are mobilising around the world as part of the Break Free campaign, urging governments and corporations to phase out fossil fuels and phase in renewable energy. In line with the campaign, SUPRO - a national network of grassroots NGOs in Bangladesh - formed a human chain on May 14 around the National Press Club to bring to the attention of media and people on the ground the need to protect climate policy from big polluters.



PHOTO: BGR

counter this challenge, however, some organisations, like the Infrastructure Development Company Limited (IDCOL), are developing their capacity to lobby for renewable energy investment incentives such as duty free import of renewables' equipment and tax holidays for investors.

While solar data is considered to be adequate for current purposes, datasets for wind and biomass resources do not have sufficient geographic coverage or volume to induce investment decisions. The available data sets are also not compiled in user-friendly formats, and

he thinks an easy solution exists for this problem – rooftops. "We may have land scarcity but we have plenty of rooftops, enough to produce 3000 megawatts, and we are trying to convince the government to do so," he says.

After the historic Paris climate agreement last year, the world received a clear signal – the fossil fuel era is over. An energy transition is needed for all nations, which leaves coal, gas and oil in the ground and leads to a 100 percent renewable energy powered world. Developing nations such as Bangladesh that have escalating energy needs should

Pressure is mounting on all governments, including those of developing nations such as Bangladesh, to develop a credible plan to end their dependence on fossil fuels and decarbonise their economies in favour of renewable energy, in line with their COP 21 pledges. And this necessitates effective government action and international assistance to overcome the obstacles in the path to proliferation of renewable energy.

The writer is a development professional working at UNDP Bangladesh on Climate Change, Environment and Disaster Management issues.

COMMENTS

"Bangladeshi shot dead by BSF"

(May 15, 2016)

Zakir Hossain Mihi

Killing our people at the borders has become a regular affair for the BSF. We wonder if this is India's way to be a friendly neighbour. I don't know why the government is silent on this matter.

Diptha Chowdhury

What a friend! India has indeed changed the definition of friendship by allowing its border forces to kill Bangladeshis in this manner.

Muhammad Monir

Why doesn't our government summon the Indian high commissioner and officially protest these killings?

Jahanara

We should take this issue to the UN Court of Justice.

Bijoy Peter

Killing people for illegal border crossing is not acceptable anywhere in the world. But the BSF keeps on doing it.

Adv Yasin Ali Momtaz

The most disappointing and unfortunate thing is, so far, not a single 'shooter' has been punished.

LETTERS TO THE EDITOR

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Panama Papers leak

The Panama Papers leak has been in the news for quite some time now. The stashing of sizeable funds abroad, with the presumed notion of safety, is an old phenomenon. However, other such financial irregularities have happened in the past years and have been overlooked or not pursued by the relevant authorities.

Huge amounts of money was transferred via non-official channels to countries like Malaysia and

Canada. A good number of politicians belonging to all the parties, high ranking bureaucrats, industrialists, traders, professionals, etc. reaped the benefits of the 'black facilities'.

We draw the attention of the government to these concerns and urge it to act accordingly and immediately.

Dr. SN Mamoon
Dhaka

Objective journalism

We expect journalists to be objective. But the objectivity in journalism varies from society to society. Journalists around the globe often face serious consequences for revealing the truth.

I strongly feel that the international community should sit together to work out the guidelines for journalists, addressing how far societies would accept objective journalism, and how far journalists would be protected against professional hazards.

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