



**P3** An exhausting day on the road



**P7** Taiwan accuses China of simulating invasion



**P11** Can Tigers save ODI series?



**B1** Industries fear huge impact of fuel price hike

# Towards a breaking point?

Fuel price surge and spillover effects weigh down low-income groups further

ZYMA ISLAM and SHAHEEN MOLLAH

The burden of the arbitrary, overnight leap in fuel prices will be borne by the people, and the low-income group and the middle class will feel it in their bones.

As food prices will soar further because of the 42 percent hike in diesel price, many fear they will no longer be able to afford the food they used to have.

Diesel accounts for 70 percent of the country's fuel market, and it is used mostly by the transport and agriculture sectors.

Mariam Begum, who was shopping at Karwanbazar yesterday evening, said she runs her family on Tk 27,000, nearly half of which goes into paying the rent. "We eat tiny portions of whatever we can afford, and supplement that with more rice."

From today, the value of her husband's

salary went down, since food will cost more. Mariam walked 40 minutes each way from her home in Nakhalpara to Karwanbazar yesterday.

"It is easy to eat less. Nobody sees what we are eating. People see what house you live in and what clothes you wear."

In June, food inflation was already a staggering 8.37 percent, according to Bangladesh Bureau of Statistics.

A study by the Centre for Policy Dialogue (CPD) published two weeks ago found that prices of food items like rice, flour, broiler chicken, soybean oil, lentils, and eggs had risen between 11.8 percent and 51.7 percent.

The prices may rise again by 20-30 percent or even more, said Fahmida Khatun, executive director of the CPD.

"However much the price hike in fuels

MORE ON PAGE 2, 12, B1

SEE PAGE 2 COL 1



## Should've been done in phases

Say experts on fuel price hike

REJAUL KARIM BYRON and GOLAM MORTOZA

The record fuel price hike yesterday would put Bangladesh in a favourable position as the country enters into negotiations next month with the International Monetary Fund for financial assistance to ease the pressure on the precarious balance of payment and foreign currency reserves.

Withdrawing energy subsidy and introducing a fuel pricing mechanism in line with the global market were recommended by the IMF staff mission that visited Bangladesh last month.

This is expected to be one of the conditions that would be tagged by the Washington-based multilateral lender for the loan.

"Without this, macroeconomic stability would be difficult to achieve. Bangladesh has demonstrated to the IMF, the World Bank and other international bodies that it is serious about restoring macroeconomic balance. This is a serious statement," said Ahsan H Mansur, executive director of the Policy Research Institute.

With one of the lowest tax-GDP ratio in the world, fast depleting foreign exchange reserves, widening balance of payment deficit and escalating inflation at home and abroad, Bangladesh's economy is not on the best footing.

And the future outlook is not rosy, either. Both exports and remittance, the two pillars of the economy, are experiencing headwinds.

Since last year, fuel prices have been on an upward trend and the government has been footling a huge subsidy bill to prevent passing on the burden to the consumers.

But the subsidy expenditure was becoming unreasonable in the face of limited fiscal space and the IMF mission too recommended cutting back on it to contain the budget deficit to 5.1 percent of GDP, which would still be above the recommended ceiling of 5 percent.

SEE PAGE 2 COL 1

## Commuters dealt the first blow

Bus fares hiked up to 22pc

STAFF CORRESPONDENT

The authorities have increased bus fares by up to 22 percent, a move that will affect the people of low- and middle-income groups.

As per the new rate, the fare for a kilometre of travel on a long-distance bus would be Tk 2.20 from Tk 1.80, a 22 percent hike.

The fare per km on city buses would be Tk 2.50 from Tk 2.15, a 16 percent increase.

Although the new fares come into effect today, many bus operators started charging the new fares soon after the announcement was made around 9:30pm yesterday.

Many had been overcharging since yesterday morning, the day the government's record fuel price hike came into effect. Some in Dhaka and Chattogram cities kept their vehicles off the streets.

Nur Mohammad Mazumder, chairman of Bangladesh Road Transport Authority (BRTA), announced the new rates after a meeting at the BRTA headquarters.

Bus fares were increased 28 percent and launch fares 43 percent in November last year.

"The authorities have increased the bus fare to serve the interest of the bus owners without considering people's suffering,"

Mozammel Hoque Chowdhury, secretary-general of Bangladesh Jatri Kalyan Samity, told The Daily Star last night.

When everyone was asking for restoration of the previous fuel prices, bus owners were asking for higher fares, he said, adding that it told a lot about their intentions.

Saidur Rahman, executive director of Road Safety Foundation, said bus operators charge more ignoring the fixed rates, compounding public sufferings.

As per the fares, a trip from the capital's Saidabad to Barishal would cost Tk 555. It used to be Tk 454. A trip to Khulna would be Tk 702. It used to be Tk 575.

A bus trip from Bangladesh National Zoo in Mirpur to Notre Dame College in Arambagh would cost Tk 48. It was Tk 41 before.

Ahead of yesterday's meeting, transport owners wrote to the BRTA asking for price hike of spare parts to be considered while fixing new fares.

**FOUR-HOUR MEETING**

The BRTA chairman-led nine-member government committee and representatives from the BRTA, energy division, Road Transport and Highways Division, and transport associations sat at 5:20pm.

SEE PAGE 6 COL 4



## Chinese FM arrives in Dhaka

To meet Hasina, Momen today

DIPLOMATIC CORRESPONDENT

Chinese Foreign Minister Wang Yi arrived in Dhaka yesterday evening on a two-day visit, expecting to

## BPC profits spent on dev projects

Claims Nasrul Hamid

STAFF CORRESPONDENT

Bangladesh Petroleum Corporation used the profits, which it had made over the last several years, in various development projects, Nasrul Hamid, state minister for power, energy and mineral resources, said yesterday.

His comment came following the criticism that the BPC didn't reduce fuel prices when it was making profits, but now it has hiked the prices to cut losses.

The BPC made a loss of more than Tk 8,014 crore since February, and it paid the amount from its own funds, he told journalists at his residence in the capital.

"Now many people are asking why we didn't keep the profits [to tackle a volatile situation]. We

SEE PAGE 2 COL 5



elevate the relationship with Bangladesh to a new level. "We highly value our relationship with Bangladesh. We hope the visit will provide an opportunity to further implement the common understandings between the leaders of the two countries, deepen mutually beneficial cooperation and elevate the relationship to a new level," Hua Chunying, spokesperson for the Chinese foreign ministry, said ahead of the visit.

Wang Yi will meet Prime Minister Sheikh Hasina and Foreign Minister AK Abdul Momen today.

"They will have an exchange of views on bilateral relations, and international and regional issues of shared interest," she said.

Agriculture Minister Muhammad Abdul Razzaque received the Chinese foreign minister upon his arrival at Hazrat Shahjalal International Airport around 5:12pm.

Masud Bin Momen, foreign secretary, and Li Jiming, Chinese ambassador to Bangladesh, were also present.

From the airport, Wang went to Bangabandhu Memorial Museum on Dhanmondi Road 32 and paid tribute to Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

SEE PAGE 2 COL 5

A partnership between: **MONASH College** | **JCE UNIVERSAL COLLEGE BANGLADESH**

**APPLICATION DEADLINE 31ST AUGUST**

**MONASH EDUCATION IS NOW IN BANGLADESH**

FOR O LEVEL GRADUATES: FOUR-YEAR FAST TRACK INTEGRATED GLOBALLY RECOGNISED DEGREE PROGRAM  
 FOR AS/A LEVEL GRADUATES: THREE-YEAR FAST TRACK INTEGRATED GLOBALLY RECOGNISED DEGREE PROGRAM\*

MINISTRY OF EDUCATION APPROVED. GLOBALLY ACCEPTED

DESTINATION DEGREES

**BBA B.Engg (CSE) B.Engg (Elec) Bachelor of IT**

50+ DEGREE OPTIONS AVAILABLE

- THE ONLY GLOBAL TRIPLE ACCREDITED INTERNATIONAL DEGREE PATHWAY IN BANGLADESH
- INAUGURAL BATCH SUCCESSFULLY PASSED OUT
- 70% REDUCED TUITION FEE
- ADDITIONAL 40% SCHOLARSHIP

RIGHT AFTER O LEVEL: **MONASH UNIVERSITY FOUNDATION YEAR**

RIGHT AFTER AS/A/MISC LEVEL: **MCD 1ST YEAR DEGREE**

CALL/VISIT/EMAIL US FOR YOUR FREE PROSPECTUS; ZERO APPLICATION FEE TILL 31ST AUGUST

REGISTER NOW

DIRECT TRANSFER OPTION AVAILABLE TO CANADA/USA/UK/AUSTRALIA/MALAYSIA

MONASH CERTIFICATIONS ARE CONSIDERED FOR DIRECT ADMISSION TO IVY LEAGUE AND WORLD TOP LEADING UNIVERSITIES SUCH AS

CORNELL USA | THOMPSON CANADA | DEAKIN AUSTRALIA | RMIT AUSTRALIA | SWINBURNE MALAYSIA

SA Tower, 1 Gulshan Avenue, Dhaka-1212

FOLLOW MONASH PATHWAYS AT UCB ON: www.ucbbd.org, admission@ucbbd.org

\*Monash College Australia is fully owned by the global 5th ranked Monash University. Monash Business School has been awarded Triple Global Accreditation.