India cuts windfall tax on crude

REUTERS, *New Delhi*

India has cut the windfall tax on diesel and crude oil on Thursday, according to a government notification.

The government cut the windfall tax on crude oil to 6,300 Indian rupees ($75.70) a tonne from 9,800 rupees a tonne while cutting the diesel windfall tax to 1 rupee per litre from 2 rupee per litre, the notification said.

The windfall tax on gasoline and aviation turbine fuel (ATF) remained unchanged at zero, it added.

India imposed a windfall tax on crude oil producers in July 2022 and extended the levy on exports of gasoline, diesel and aviation fuel as private refiners wanted to sell fuel overseas to make gains from robust refining margins instead of selling locally.

Oil prices decline

REUTERS

Oil prices fell on Thursday, extending losses from the previous session, as signals of higher supply from the United States met worries about lackluster energy demand from China.

Brent futures were down 48 cents at $80.70 a barrel at 0630 GMT. U.S. West Texas Intermediate crude (WTI) shed 53 cents to $76.13 a barrel.

Both benchmarks fell more than 1.5 percent in the prior session.

WTI's front-month contract also traded below the price for the second month, a structure known as contango, suggesting that investors expect prices to increase. The front month's discount to the second month traded at minus 17 cents on Thursday.

"Concerns over a record-high U.S. production rate put fresh pressure on oil prices, adding to an already worrisome demand outlook," said Tina Teng, a markets analyst at CMC Markets in Auckland.

A craftsperson puts in the stiches in a comforter, the demand for which is likely to slowly increase as the mercury has started to drop. One craftsperson can make five to six comforters a day, getting Tk 150 for each from his employer, usually a shop owner who supplies all the materials. Each comforter can sell for Tk 1,200 to Tk 1,600 depending on the size and quality of cotton used. The photo was taken at Shiromoni Bazar in Khulna city on Sunday. PHOTO: **HABIBUR RAHMAN**

Shipping Corporation to add 18 new ships to fleet

Contract signed with Chinese supplier to buy 4 bigger vessels

DWAIPAYAN BARUA, *Ctg*

Aiming to enhance its capacity in transporting seaborne cargo, the state-owned Bangladesh Shipping Corporation (BSC) has taken an initiative to add a total of 18 new ships to its fleet in a short period.

All 18 vessels will be purchased with foreign loan assistance.

Out of the 18, the purchase of four bigger vessels -- including two mother bulk carriers and two crude oil mother tankers -- at a cost of around Tk 2,500 crore has progressed very far, with BSC already having signed a contract with a Chinese supplier.

BSC officials hoped that construction of these four new vessels would start within a couple of months and be completed in 20 months. Apart from this, the state-run corporation also plans to use its own funds to buy two smaller bulk carriers.

State Minister of Shipping Khalid Mahmud Chowdhury, while addressing the 46th Annual General Meeting of BSC as chief guest yesterday, informed that 21 vessels of different categories would be gradually added to the BSC's fleet.

The purchase of these ships is part of the government's plan to make BSC a self-dependent shipping firm, he said.

Currently, the BSC has 7 vessels in its fleet.

Two of them were purchased in 1987 while six new ships were purchased in 2018 after a pause of around 27 years, including three product oil tankers and three bulk carriers.

Out of the 18, the purchase of four bigger vessels at a cost of around Tk 2,500 crore has progressed well

One of these six new ships, named "Banglar Samriddhi", was damaged in a bomb attack in a Ukrainian port last year.

Given the implementation of a number of coal-based power plants in Rampal, Payra and Matrabari, the BSC adopted plans to buy four heavy-capacity vessels to ensure an uninterrupted supply chain in transporting crude oil and coal for the sake of future energy security.

BSC Managing Director Commodore Md Ziaul Hoque told The Daily Star yesterday that the purchase of the four vessels, including two 114,000-tonne crude oil mother tankers and two 80,000-tonne mother bulk carriers, was being finalised.

He informed that they recently signed a contract with Chinese supplier China National Machinery Import and Export Corporation to build these four ships at a cost of Tk 2,500 crore.

Mentioning that the construction of these four ships would start within one or two months, he hoped that the vessels would start arriving after around 20 months.

Moreover, negotiations with the same Chinese supplier for the purchase of two 80,000-tonne mother product oil tankers -- which will be used to carry diesel oil and jet fuel imported by Bangladesh Petroleum Corporation -- are also in the final stages, he said.

The two vessels will render services by carrying diesel oil and jet fuel after the completion of the Single Point Mooring with Double Pipeline.

He added that negotiations were also ongoing with Australian and South Korean suppliers for the purchase of 12 cellular container vessels, each with 2,500 TEUs (twenty-foot equivalent unit) capacity under two separate projects.

DSE rejects two firms' transfer to SME platform

AHSAN HABIB

The Dhaka Stock Exchange (DSE) has rejected the application of two companies -- Al-Amin Chemical Industries and Rangamati Food Products -- for transferring their shares from the over-the-counter (OTC) market to its SME platform.

The DSE denied the application on grounds that both companies breached stock regulations by raising capital without consent from the Bangladesh Securities and Exchange Commission (BSEC) and submitting misleading financial documents.

Besides, the operational status of both firms is not up to the mark, the DSE said in separate rejection letters to the companies yesterday.

The BSEC had launched the DSE-SME, a small-cap board, on April 30, 2019 so that small-and-medium enterprises (SMEs) having paid-up capital of between Tk 5 crore and Tk 30 crore can avail financing from the stock market.

The management of the DSE inspected both companies' factory premises and their relevant papers to analyse their physician and financial situation before allowing them to enter the SME platform.

The DSE found that Al-Amin Chemical had raised capital of Tk 25 crore without prior consent of the BSEC, contravening the securities rules.

Also, the company's strategic business plan does not reflect its present operational status, the DSE said in its letter.

Additionally, Al-Amin Chemical does not have environmental certification or import registration.

Therefore, the management of DSE denied the transfer of the company's shares from the OTC market to the SME platform, it added.

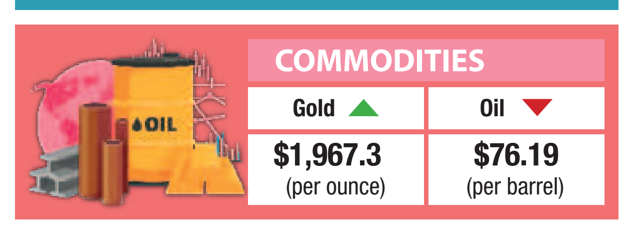
Regarding Rangamati Food, the country's premier bourse said it raised capital of Tk 40 crore without prior consent of the BSEC.

The food producer submitted false and misleading information for raising and utilising capital from the stock market.

Also, the company's current operational status does not reflect its strategic plan, the DSE said in its letter. The OTC market was launched in 2009 with 51 companies.

These companies were moved to the OTC market from the main trading board of the DSE because of their underperformance in business, failure to hold shareholders' annual general meetings, and converting their shares into electronic ones instead of paper certificates.

Later, 29 more companies were sent to the OTC market. So far, 14 companies have been transferred to the SME board from the OTC market.



Private power plants seek

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A Bippa member even claimed that when they had met the PM last year, she had instructed the authority concerned to settle the matter, albeit not retrospectively, rather from that point in time.

In turn, Bangladesh Power Development Board (PDB) has refused to pay the Tk 4,000 crore, citing that there are no such provisions in the agreements concerned.

Clause 13.1(d) of the power purchase agreements mention that "true-up payment" will be applicable in paying capacity payment and energy payment, said a PDB official.

"But there are no such provisions in the case of fuel import bills," said the official.

A "true-up payment" refers to a payment made to adjust or reconcile a difference between an estimated or provisional amount and the actual or final amount that is owed or should have been paid.

Any such payment requires signing separate agreements with the private power producers in this regard, said the PDB officials.

Even if a Tk 1 devaluation is counted, the PDB will lose around Tk 20 to Tk 25 crore for each month, they said.

Moreover, such a payment will disrupt subsidy allocations from the government's budget for the power sector, said the PDB officials.

"The owners are putting pressure on us and the high-ups," said a top PDB official, wishing anonymity.

Earlier in September 2022, the power division had asked the finance division to settle the matter but were informed that it was not possible.

The PDB officials said there were around 60 HFO (commonly known as furnace oil)-based power plants of independent power producers, of which around 40 import the fuel by themselves.

SM Wazed Ali, member (production) of the PDB, told The Daily Star that top government officials were now dealing with the issue.

"Our actions are in line with the provisions in the agreements," he said.

Asked about the agreements, Bippa President Faisal Karim Khan said, "It's not a question of whether we deserve it or not. If the PDB had paid on time, we would not have any claims."

"For example, on bill due date the exchange rate is Tk 100 per US dollar. But when the PDB pays us 6 months later, the exchange rate is Tk 110 per US dollar. Who should bear this Tk 10 per US dollar gap?" he asked.

Renewables the cheapest

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"Imported hydrogen procurement could be four to five times more expensive than natural gas procurement. Ammonia procurement could be seven times more expensive than coal procurement," it said.

The CPD said the new Integrated Energy and Power Master Plan (IEPMP) looks to introduce hydrogen and ammonia by 2030 to achieve the clean energy target.

"Such reliance on hydrogen as a fuel for electricity would significantly increase the financial burden on Bangladesh," said CPD Research Associate Helen Mashiyat Preoty while presenting the CPD's quarterly report.

Bloomberg's findings come at a time when Bangladesh is aiming to generate 40 percent of its required energy through renewable sources by 2041.

The total installed renewable energy-based electricity generation capacity at present is only 1,195 MW, which is only 4.6 percent of the nation's total installed electricity generation capacity.

The CPD also added that progress in the renewables sector fell short of expectations in 2023.

Up to July 2023, a total of 13 renewable energy power plants were scheduled to start commercial operation, providing a total generation capacity of 531 MW. None of them began commercial operations on time, Preoty said.

On the other hand, fossil-fuel-based power generation increased.

"Even during the last quarter, power generated from imported oil was being replaced by coal-based power generation due to the high import cost of fuel and the unavailability of gas, including LNG," said the CPD.

It said there has been progress in transmission lines and substations, but power interruption and outage frequency increased during July and September of 2023.

Besides, the state continues to suffer from the burden of capacity payments to independent power producers and rental power plants.

In the last 12 years, the government has paid a total of Tk 104,000 crore as capacity payments to these power plants, according to the CPD.

At the same time, the foreign reserve crisis and higher dependence on imported fuel have increased challenges for Petrobangla and Bangladesh Petroleum Corporation (BPC).

The CPD said Petrobangla's outstanding overdue payments to these Liquified Natural Gas (LNG) suppliers have accumulated to approximately US$300 million while BPC's overdue payments to international suppliers increased to $670 million as of September 30 this year.

Moazzem said Bangladesh's power and energy sector had been suffering from several problems, namely weak energy security, load-shedding, and a lack of financial capacity to import fuel to meet needs.

He said the government needed to focus on exploring gas and other sources of fuel locally.

"Instead, we see a tendency to import LNG to meet energy demand even by borrowing. This raises questions whether it (the lack of interest in exploring gas locally) is because of the pressure of the LNG import lobby," he said.

Moazzem urged the government to go for buying electricity from private power producers on a 'no electricity, no payment' basis and to rid the state of the burden of capacity payments.

"Capacity charges are a huge waste. At this moment, the economy does not have the capacity to bear the burden," he said, adding that the problem in the power and energy supply is likely to persist in the coming months because of the increased cost of US dollars and import dependence for fuel.

ILO calls for transparency

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Garment workers started to hold demonstrations from October 23 demanding a hike in their monthly salary, with some union leaders demanding anywhere from Tk 23,000 to Tk 25,000.

However, the wage board raised the minimum salary from Tk 8,000 to Tk 12,500, which a section of union leaders and workers refused to accept.

Though normalcy was gradually restored through the reopening of almost all garment factories over the last three days, four workers died and many others were injured in the latest spell of labour unrest.

A group of union leaders also submitted a letter at the office of the minimum wage board on November 12 informing of their objection and demanding a higher minimum wage taking into consideration inflation and the rise in commodity prices.

The minimum wage board said it would remain open to objections and suggestions for 14 days starting from the issuance of the gazette regarding fixing of the minimum wage, which was on November 11.

If no further changes come about, the new wage structure will come into effect from December 1 this year and the workers will receive their salary in the new structure in January next year.

Revenue collection growth

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Another NBR official said revenue collection may slow further as businesses are being squeezed by political unrest ahead of the national elections.

He hoped revenue collection would rebound after the election.

Abu Hena Md Rahmatul Muneem, chairman of the NBR, said revenue collection would be very challenging if political unrest persists in the coming months.

"This is an election year. The country is also facing a dollar crisis. Imports have lessened and business slowed. If political unrest persists in the coming months, revenue collection will obviously be affected," Muneem said during an event held at his office two weeks ago.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said: "The current revenue collection growth is not bad in the present context. Imports dropped 25 percent so production is being affected.

The inflation rate is also high. In this situation, 12 percent growth in revenue collection is good."

"It was possible because the price level has been hiked amid the devaluation of the local currency. So, a positive impact was seen in value-added tax," he added.

According to the NBR's provisional data, income tax revenue grew 16.71 percent to Tk 31,259 crore in the four-month period.

In the same period, local VAT collection rose 12.39 percent to Tk 38,432 crore while tax collection from imports and exports advanced 9.41 percent to Tk 32,753 crore.

In wartime Russia, soaring prices bite

REUTERS, *Sredneuralsk*

For Darya Stepanova, a mother of two who lives in a small town on the eastern side of the Ural mountains, soaring prices for everything from baby food to nappies have forced her family to cut back on most treats and eating out.

The Stepanov family is one of millions of Russian families having to cut back due to the changes forced on Russia's economy by the war in Ukraine and the myriad sanctions imposed by the West.

Stepanova, 34, her five year old son and newborn son, try to make ends meet on the 50,000 roubles ($550) a month her husband Sergei earns. When she goes through the snow to the shops, she inspects the prices to search for bargains.

"I can see how everything has become more expensive in the course of just these past five years," Stepanova told Reuters.

"Before you could buy food worth a thousand roubles for three or four days easily, but now when you go to the shop a thousand roubles is nothing - you can only buy food for everyday needs, like milk, yogurt, bread and that's it - your thousand has flown away."

Baby milk has quadrupled in price over the five years since her first child, she said, while the price of prams have tripled. Prices for disposable nappies and baby food have at least doubled, she said.

The family's income has not risen by anything like that while the rouble has fallen against the US dollar since February 2022, when President Vladimir Putin ordered troops into Ukraine, making imported goods more expensive in rouble terms.

"There is no money left for treats," Stepanova said. "Of course you can live without them but life is less fun."