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Improve security in Dhanmondi

Police must ensure safety of residents, restore law and order

We are alarmed by the steady stream of reports on rising mugging and looting incidents in certain parts of Dhaka. Recently, much attention has been focused on criminal activities in Mohammadpur, but troubling accounts from Dhanmondi reveal a similar escalation in this area as well, leading to residents living in fear, particularly after nightfall.

According to a report by *Prothom Alo*, criminals have been openly mugging pedestrians and commuters, sometimes in broad daylight. Certain pockets in Dhanmondi are said to be especially vulnerable, where muggers regularly prowl in search of targets. A collection of CCTV footage of some incidents, recently aired by Jamuna TV, showed criminals ganging up on victims, armed with sharp weapons and, at times, firearms. Take the case of Rasel Ali, a foreign currency dealer who was mugged at Road 8A on the evening of October 19. Four helmet-donning individuals jumped on him, fired blank shots to scare onlookers, and snatched away Tk 50 lakh that he was carrying.

Residents of Dhanmondi have been living with this menace since law and order fell into disarray after the ouster of the Awami League government on August 5. But unlike Mohammadpur, the incidents in Dhanmondi have not garnered as much attention, resulting in limited or lukewarm response from the law enforcement agencies, as per the *Prothom Alo* report. For example, a mother recounted how police refused to register a formal complaint when her school-going son was mugged on Dhanmondi Road 8/1 on September 3.

The police force has reportedly yet to recover from the demoralisation and crisis of confidence caused by the attacks on police stations following the events of August 5, and is consequently failing to do their job properly. This has created a security vacuum that the criminals are exploiting. But this cannot go on. Public safety has been under constant threat due to inadequate police presence on the streets and their tepid response to rising criminal activities.

As we know, following Mohammadpur residents' ultimatum for increasing security measures, the army has set up temporary camps in the area and is conducting joint operations. Dhanmondi, too, deserves appropriate attention from the law enforcement authorities. That said, the involvement of the army is but a temporary fix. To restore law and order effectively, both in Dhaka and nationwide, the police force needs to regain its footing. We reiterate our call to the interim government to ensure urgent provision of necessary resources—such as additional armed vehicles and reinforcements—so that the police can adequately protect the public. If the police wish to regain public trust, they must be proactive in ensuring the safety of all citizens.

We must revitalise home textile sector

Ensure adequate gas supply, resolve dollar crisis

We are concerned about the current state of the home textile sector that has been struggling to regain its lost work orders over the past two years. Reportedly, due to the doubling of gas prices in Bangladesh and a significant devaluation of the Pakistani rupee against the US dollar, many work orders shifted to Pakistan. This shift, combined with a prolonged gas crisis, unstable exchange rates, and rising production costs, has forced numerous factories to shut down, further eroding the sector's competitive edge in the export market. Recent labour unrest and ongoing political instability in the country have worsened the situation further. If these issues are not addressed, the home textile sector will continue to incur losses in the future.

It may be recalled that this sector had experienced notable growth in 2021, with exports surpassing the \$1 billion mark, registering a remarkable 49.17 percent year-on-year increase. That momentum carried over into 2022, with exports rising by another 40-odd percent to \$1.62 billion. However, as the gas crisis intensified, home textile exports—including bedsheets, tents, rugs, etc.—dropped, with earnings falling to \$1.09 billion. In FY 2023-24, exports further declined by 2.05 percent to \$851.01 million, according to the Export Promotion Bureau (EPB). Industry insiders attribute this downturn to the persistent gas crisis that began in early 2023, following the then government's 150.41 percent hike in gas prices, from Tk 11.98 per unit to Tk 30 per unit. With soaring production costs, many exporters were unable to secure new orders, leading to a shift of international business to Pakistan.

To revitalise the sector, the government must prioritise uninterrupted gas supply to home textile mills so that they can operate at full capacity. As home textile production relies heavily on gas for processes like running steam boilers and dyeing fabrics, the sector's energy needs cannot be sustainably met by imported gas alone. It is crucial, therefore, for the government to explore and develop domestic gas fields rather than relying solely on imports. Unlike Pakistan, which produces much of its own raw materials, Bangladesh depends on external markets, making the ongoing dollar crisis an additional hurdle. That needs to be resolved, too.

We urge the government to take necessary steps to stabilise the sector and support its needs. Doing that will not only help the home textile sector recover but also secure its long-term position in the global market.

THIS DAY IN HISTORY



China ends one-child policy

On this day in 2015, it was announced that China was ending its one-child policy; beginning in 2016, couples could have two children.

12 steps to tame inflation



MACRO MIRROR

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Inflation is a pressing issue in Bangladesh, and controlling it is crucial for maintaining economic stability, preserving purchasing power, and fostering sustainable growth. It has been rising for too long, however. Ten years ago, in September 2014, point-to-point general inflation was 6.84 percent, and food inflation was 7.63 percent, which rose to 9.92 percent and 10.40 percent, respectively, in September 2024 (Monthly Economic Trends, Bangladesh Bank). So, over this 10-year period, general inflation increased by 45 percent, while food inflation rose by over 36 percent.

On the other hand, the average monthly income from employment across 10 different categories increased from Tk 11,493 in 2013 to Tk 13,669 in 2022, representing an increase of 18.93 percent (Labour Force Survey, Bangladesh Bureau of Statistics). This discrepancy highlights the severe pressure that inflation has been placing on low- and fixed-income groups.

Of course, the previous government can be blamed for failing to control inflation. It was slow to take proactive measures, such as implementing monetary and fiscal policies to counter it. Now, expectations from the interim government are mounting as prices have yet to show signs of reduction. And the Bangladesh Bank has increased policy rates to tighten the money supply.

However, relying solely on monetary policy to control inflation will not be effective in Bangladesh. Clearly, where market inefficiencies and mismanagement prevail, the monetary policy cannot function optimally. Oligopolistic behaviour and market manipulation disrupt the natural balance of supply and demand, which typically helps stabilise prices. We have seen prices rise for domestically produced goods even when supply has been adequate, often due to the influence of syndicates creating artificial shortages to maximise profits. So, addressing these behaviours is critical.

During the previous government, rent seeking by organised groups, including local party cadres, was common. Law enforcement personnel were also known to extort money from vehicles transporting goods from various districts to marketplaces. Another issue was the deliberate creation of artificial shortages by syndicates. Unfortunately, even now, such malpractices are prevalent. True,

recent floods in several parts of the country have affected production, but government imports of certain commodities have not brought down prices, indicating that these malpractices continue to play a significant role in driving prices up.

In light of the high inflation and continuous erosion of purchasing power, the interim government must take all possible measures to provide relief to the public. There are 12 issues that policymakers should consider for short- and medium-term action on inflation.

First, fiscal and monetary policies must be coordinated to tackle inflation effectively. For much of the previous fiscal year, the monetary policy was expansionary, while



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government spending remained high. Moreover, the non-performing loans (NPL) in banks have been continuously increasing, with a part of it potentially entering the market. Additionally, the previous government relied heavily on borrowing from both the central bank and commercial banks. This over-dependence on Bangladesh Bank to meet the budget deficit was evident in 2023. In such a situation, Bangladesh Bank struggled to control inflation effectively, as it had become a lender to the government. Therefore, tightening monetary policy alone is insufficient to control inflation. A more comprehensive approach integrating both fiscal discipline and monetary tightening is essential to achieve meaningful results.

Second, high indirect taxes on

imported goods, often passed on to consumers, should be reduced or withdrawn. Recently, the interim government reduced import taxes on a few items, including rice. It must be ensured that the benefits of reduced import tariffs are passed on to consumers. Given that Bangladesh's tax-to-GDP ratio is low, the tax department is hesitant to forgo import taxes. However, streamlining the tax system and improving compliance could enhance government revenue, supporting more sustainable fiscal policies.

Third, the quality of public spending must be improved and reoriented towards more urgent issues. Energy subsidies are particularly harmful from both financial and environmental perspectives. Therefore, more funds should be allocated to social safety net programmes and climate adaptation. Since food comprises a large portion of household expenditure for poor families, high inflation has worsened their socioeconomic conditions, pushing many towards and even below the poverty level. Therefore, subsidy reform programmes are crucial for reallocating resources to protect the

Additionally, cash support for vulnerable populations should be increased.

Sixth, as the interim government commits to reforms, a key focus should be on improving transparency in the pricing of goods. The Bangladesh Competition Commission (BCC) should create a comprehensive database to track prices from farms to markets across the country. The BCC should regularly assess the behaviour of dominant market players, investigate instances of market manipulation, and take necessary actions to ensure compliance. The commission should proactively address anti-competitive practices, such as collusion, monopolies, and oligopolies.

Seventh, since food inflation significantly contributes to overall inflation, agricultural production should be promoted through modern techniques and technologies to increase productivity and food supply. Improvements in rural infrastructure, such as roads and storage facilities, can reduce post-harvest losses and enhance supply chain efficiency, helping to stabilise food prices. Farmers should also be provided with financial and technical support to build resilience to price fluctuations and increase agricultural output.

Eighth, reducing supply chain disruptions is essential to curb inflation. Increased investments in logistics and transportation infrastructure can enhance supply chain efficiency, reducing costs and inflationary pressures.

Ninth, to mitigate supply shocks of essential commodities, the government should expand its trade partnerships. Timely imports of essential items can prevent sudden crises that lead to exorbitant prices.

Tenth, the government should ensure sufficient procurement from farmers at fair prices. This can help reduce inflation by increasing market efficiency, stabilising prices, and guaranteeing fair returns for farmers.

Eleventh, improving the connection between growers and markets is essential. By engaging directly with markets, farmers can obtain better returns since intermediary margins are eliminated, which also reduces consumer prices.

Twelfth, digital platforms, such as e-commerce websites and mobile apps, can empower farmers by allowing them to connect directly with buyers, bypassing traditional intermediaries. This improves price transparency and reduces reliance on middlemen. Preparations, such as digital literacy training and internet access, will be necessary for this approach.

Therefore, controlling rising inflation in Bangladesh requires a multifaceted approach that combines various policies. This multidimensional approach demands collaboration among multiple ministries and departments, the private sector, farmers, and other stakeholders.

Time to enable Competition Commission to dismantle syndicates



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Price fixation of essential commodities has long been an issue in Bangladesh. Although supply is more or less sufficient, consumers continue to suffer from artificially induced shortages and consequent high prices of products. No one can deny the existence of syndicates—groups of businesses manipulating the market—and their role in inflating prices. Although concrete data on price fixing or market syndication is hard to come by, the impact of such activities is quite evident, as reflected in the exorbitant prices of essentials like eggs, onions, rice or potatoes. Besides the agricultural sector, other sectors have also been similarly manipulated by unscrupulous businessmen for undue profits. The question is, who should be responsible for curbing these syndicates? The most logical answer is the Bangladesh Competition Commission (BCC).

Market syndication is not uncommon in the world, and various countries try to combat it through their competition commissions or antitrust agencies using various mechanisms, such as administrative fines, civil

enforcement, criminal prosecution, private enforcement, etc. However, the best enforcement mechanism is one that is suited to the context of the country where it is applied. In Bangladesh, the Competition Act, 2012, authorises the BCC to impose significant administrative fines on cartels, defined in the act as “any person or association of persons who, by explicit or implicit agreement, limit or control or attempt to limit or control the production, distribution, sale, price, or transaction of goods or services to establish a monopoly.”

The BCC can initiate inquiries into alleged cartels either on its own or based on complaints. However, proving such offences remains challenging due to difficulties in gathering evidence as well as a lack of incentives for whistleblowers or information providers.

Hence, the law should incorporate provisions that can address these challenges and encourage information sharing. One widely adopted approach in this regard is the “leniency mechanism” that offers incentives for cartel members who

provide information leading to a successful investigation. More than 60 jurisdictions in the world have been using this mechanism. A leniency programme allows the authorities to accumulate all kinds of information, documents, and communication from one or more cartel members. The evidence collection process is usually cost-effective and reliable. Through this mechanism, any member of a cartel or syndicate can come forward to disclose information to the competition authority, which, if leading to the disruption of the cartel, can earn the informant incentives or full or partial immunity from penalties, as prescribed by a country's law.

For example, we have recently heard of some corporate profiteers creating a market syndicate to control prices of eggs in the country. Allegedly, they control the egg market from the capital by sending a short text or social media message to all wholesalers and traders, informing them about the price they have set for eggs. There is an allegation that they make extra profits by fixing prices under the pretext of supply shortages. So, if an insider comes forward with information that could expose this conspiracy, it could enable the BCC to dismantle the syndicate. In return, the informant could be awarded incentives like full or partial immunity from administrative fines imposed by the BCC. This sort of leniency can be incorporated into the Bangladeshi competition law, and fine reduction guidelines can be adopted based on the standards of international organisations like OECD,

ICN, UNCTAD and ASEAN as well as the best practices followed by countries around the world.

Another timely action that the BCC can take is having its investigation teams conduct “dawn raids”. The approach would allow BCC to enter any premises unannounced to search for evidence of anti-competitive practices. Many countries around the world are applying this strategy to do unannounced inspections in suspicious places or organisations.

Therefore, we urgently need to amend the Competition Act, 2012, and introduce interventions like the “leniency mechanism” and “dawn raids” to strengthen anti-cartel enforcement and protect consumers from the impacts of price manipulation. The BCC should also ensure enacting guidelines or policies suited to Bangladesh's context. Since it is under the Ministry of Commerce, the latter has to oversee the process of these reforms. Moreover, the BCC should solicit opinions and advice from experts, judges, administrative authorities, and other stakeholders to ensure effective policy creation and advocacy.

Ultimately, we must bolster our competition commission's authority to help dismantle the market syndicates, monopolies, and cartels. Modern anti-cartel enforcement mechanisms are necessary and should be introduced without delay to provide much-needed relief for our consumers and ensure fair market practices across the economy.