

# Star BUSINESS



## Tax haul turns positive, yet daunting target looms

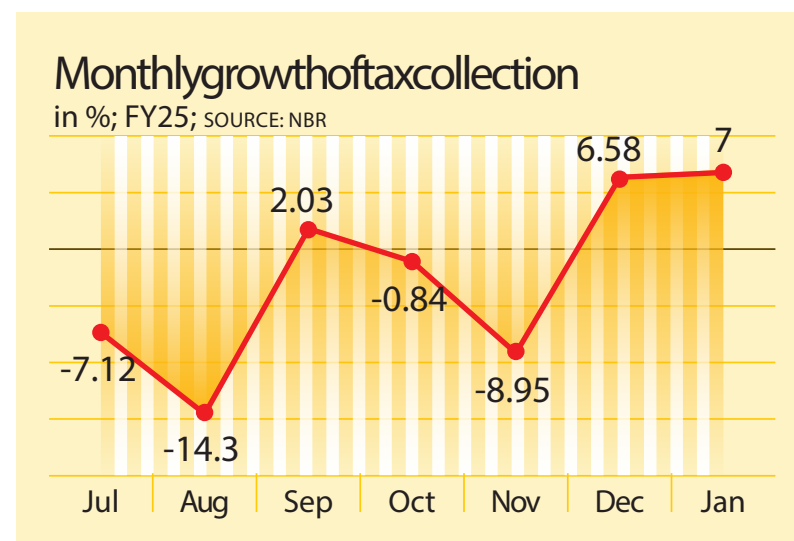
MD ASADUZ ZAMAN

Riding mainly on monthly growth in December and January, revenue collection in the first seven months of fiscal year (FY) 2024-25 returned to positive territory.

However, the National Board of Revenue (NBR) now faces a herculean task of meeting its annual tax target amid ongoing economic headwinds.

Even during stable times, the revenue board has never met annual tax targets. To meet the annual target, revenue collection this year will need to grow by as much as 28 percent in the remaining five months – a goal mired by an economic slowdown and other challenges.

But unlike previous years, failing to come close to the tax target this time could jeopardise budget support from multilateral lenders,



and the fourth tranche of the ongoing International Monetary Fund (IMF) loan package.

In simpler terms, the government is not in a position to make a deep cut to the annual tax target in the revised budget, leaving the revenue administration with an almost impossible

task. Between July and January, the NBR collected Tk 195,860 crore, a 2.96 percent year-on-year increase. All revenue sectors – income tax, value-added tax (VAT), and customs – saw positive growth. January marked the second consecutive month with 7 percent monthly growth.

Despite this, the tax administration remains far from its required 21 percent growth target to meet the Tk 480,000 crore goal.

Multilateral lenders, including the World Bank, the Asian Development Bank, and the IMF, have been

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## Expedite gas exploration, shift to renewables to reduce expenditure

Speakers say at CPD conference

STAR BUSINESS REPORT

Bangladesh should expedite gas exploration and place emphasis on renewable energy to reduce excessive expenditure on the energy and power sector, speakers said at an event yesterday.

To lower energy bills, they suggested the government ensure primary energy before setting up new power plants and renegotiate electricity prices with private power producers.

At the same time, analysts suggested the government strengthen the Bangladesh Energy Regulatory Commission and shape it as the supreme authority in power and energy supply.

These remarks came during a discussion session titled "Building Sustainable Futures: Connectivity and Energy" during a conference on "Recommendations by the Task Force on Re-Strategising the Economy" at the capital's BRAC Centre Inn yesterday.

Presiding over the session, Prof M Tamim, vice-chancellor of Independent University of Bangladesh, said there would be hard times ahead. He added that trouble might start sooner if the production at the Bibiyana gas field reduces.

"We are paying around \$13 billion a year to import all types of energy sources and it may stand at \$20 billion by 2030,

by when estimates say Bangladesh will have more than 90 percent dependence on imported energy sources. Given the way the local gas production is going down, we will be in big trouble," he said.

"If even two or three wells in Bibiyana somehow fail to produce, what is the backup?" he asked, adding that though Bangladesh has committed to an energy transition, there are around 15,000 megawatts (MW) of fossil fuel-based power generation contracts.

He added that the previous Awami League government's aim of generating 40 percent of total power from renewable sources was made without doing any homework.

"We need a comprehensive plan engaging all stakeholders, including engineers of power grid companies. This would help us set a realistic target," he added.

Muhammad Fouzul Kabir Khan, adviser to the Ministry of Power, Energy and Mineral Resources, said the government is trying to reduce power generation costs to minimise the huge subsidy burden in this sector.

"We have set up a benchmark tariff with the Matarbari coal-based power plant and will try to renegotiate other coal-based plants accordingly. In the same way, we will renegotiate prices with the gas-fired power plants," he said.

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## Is this the right time to hike gas prices?

REFAYET ULLAH MIRDHA

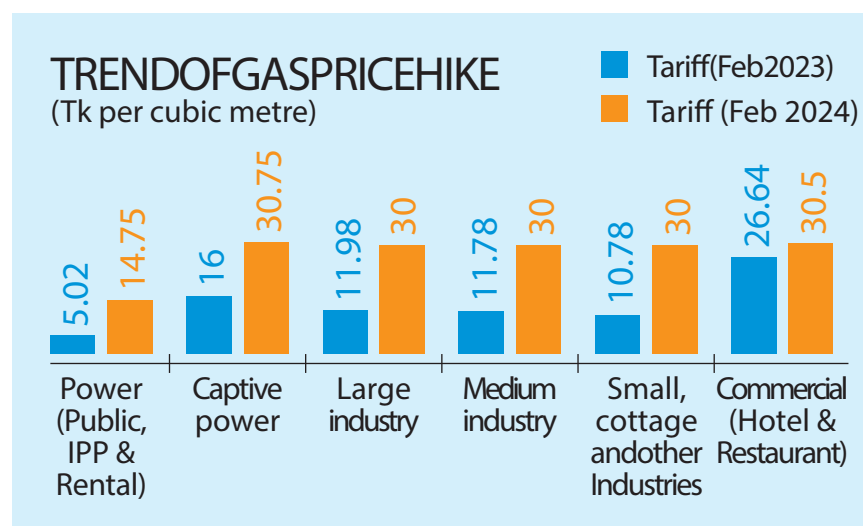
The Bangladesh Energy Regulatory Commission (BERC) is going to hold a public hearing tomorrow on the proposed hike in gas prices for industrial use.

In a proposal submitted in January this year, gas suppliers suggested

adequate supply of gas.

However, industry owners complain that the gas supply did not increase, forcing them to run units at half of their capacity.

At the same time, around Tk 10,000 crore worth of unsold yarn has been stockpiled at different mills due to an influx of cheap Indian yarn, which is



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the government, through the BERC, hike gas prices by 150 percent for new gas connections and 50 percent for expansion of existing industrial units to Tk 75.72 per unit.

Businesses have expressed concern on different occasions over the issue, saying such an increase would kill industries by doubling the cost of production at a critical time.

The government's reason for hiking gas prices is to minimise subsidies to the energy sector and to cover the import price of liquefied natural gas at higher prices.

Industry insiders say the country is becoming increasingly reliant on expensive imported energy – with estimates suggesting the country will have more than 90 percent dependence on imported energy sources by 2030 – instead of exploring domestic gas reserves.

Industry owners, especially entrepreneurs in the primary textile sector, which has investment amounting to around \$23 billion, said that they are already overburdened by the abnormal hike in gas prices in February 2023, which caused prices to double from Tk 16 to Tk 32 per unit with a commitment to providing an

cheaper due to the subsidies provided by its government.

In case of Bangladesh, the government reduced the subsidy to 1 percent and Indian government gives more than 3 percent subsidy.

Of total gas consumption, captive power plants, including those in the primary textile sector and other industries, use 37 percent, according to data from the Bangladesh Textile Mills Association (BTMA), which added that gas prices were hiked by 256.5 percent over the past five years.

So, industry people and economists say that this is not the proper time to increase gas prices as it would not improve gas supply to industries.

Alongside the perennial gas crisis, the industrial sector has been struggling to survive in the face of the severe fallout of the Covid-19 pandemic, Russia-Ukraine war, high inflationary pressure and nationwide political upheaval last year.

A good number of work orders of the garment sector were shifted to neighbouring countries because of the political and labour unrest in Bangladesh last year.

The export-oriented textile and

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## Lower gas prices: BTMA

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Textile millers yesterday urged the interim government to reduce gas prices to less than Tk 20 per unit from the current rate of Tk 31 per unit and to bar yarn imports through land ports, reasoning that it was essential to safeguard the sector.

They said they have been operating at half their capacity due to inadequate gas pressure in the supply lines, and were finding it difficult to compete with cheap yarn imported from India.

The requests came at a press conference organised by Bangladesh Textile Mills Association (BTMA) at Gulshan Club in Dhaka.


The millers warned that if the requests were not met, they might have no option but to ask Bangladesh Energy Regulatory Commission (BERC) to run their factories.

BTMA President Showkat Aziz Russell said the capacities of textile mills remain underutilised despite the fact that garment export orders were increasing.

Usually, when there is an increase in garment work orders from international clothing retailers and brands, the demand for home-spun yarn and fabrics also increases, he said.

However, although the work orders are increasing gradually, sales of yarn have not been increasing this time around, he said.

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