

Proposals for setting gas tariffs unconstitutional: BCI

STAR BUSINESS REPORT

The basis proposed for setting gas tariffs is unconstitutional, against the laws and against the principles of fairness, according to the Bangladesh Chamber of Industries (BCI) recently.

The proposals were to set gas tariffs solely based on the liquefied natural gas (LNG) import price for new connections and excess gas usage than the sanctioned load for existing connections, it said.

The "unrealistic" and "one-sided" gas price hike during the previous government was the main reason behind the troubles being faced by industries, it added.

In a letter to Bangladesh Energy Regulatory Commission (BERC) on March 9 following a public hearing on price hike proposals, the BCI demanded to reduce gas prices through the curbing of system losses.

"Before the price hike, energy cost used to be 5 to 6 percent among the overall production cost, which now stands at 10-15 percent," wrote the chamber of the industrial community.

For example, the energy cost for producing one yard of fabric was Tk 18 in

2022, and it increased to Tk 26 in 2023, said the letter.

Besides, the cost per kilogramme (kg) for yarn production reached \$2.45, whereas it is possible to import each kg of knit fabric from neighbouring countries at \$2.18, it said.

As a result, in 2024, knitwear imports increased by 39 percent. "How will industries survive under these conditions?" asked the BCI.

"During the gas price hike in 2023, a promise was made to entrepreneurs for uninterrupted gas supply, but entrepreneurs are receiving only 30-40 percent of the required gas, and production is being hampered due to low pressure," it said.

The BCI said production of every industrial establishment has decreased by 30 percent to 40 percent.

This is due to the "one-sided" decision and the failure to provide uninterrupted gas supply, particularly in areas like Gazipur, Ashulia, Savar, Narayanganj, Munshiganj, Bhaluka, and Narsingdi, it said.

For some industries, such as ceramics and steel, production has decreased by 50 percent, it said.

Consequently, the contribution of industries to the GDP dropped from 8.37 percent in fiscal year 2022-23 to 3.57 percent in the fiscal year 2023-24, the letter said.

The private sector loan growth increased, foreign direct investment decreased and other indicators also reflect the troubles faced by industries, it said. The BCI argued that the articles

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27 and 31 of the constitution guarantee equality for all and if the proposals were implemented, the same customers would be treated unequally.

Besides, the Gas Act 2010 and BERC Act 2003 clearly state that its goals were to create a competitive market through the participation of the private sector and individuals whereas the proposals were non-competitive, it said.

"Regardless of the time of connection, all gas customers use a mix of gas

supplied from the national grid and imported LNG," it said.

"Therefore, imposing a price nearly two and a half times higher for new customers than for those who were previously connected is contrary to the constitution, the law, and the principles of fairness," the letter concluded.

The consideration of such proposals from the regulatory body caused panic among business owners and entrepreneurs across the country, the letter said.

The BCI suggested to reduce the price from Tk 30 per unit to Tk 24.39 for industrial and business sectors.

It urged to improve the efficiency of the gas distribution companies and cited that reducing waste, particularly reducing the huge system loss of the Titas Gas Transmission and Distribution PLC (13.53 percent) to a minimum level, is necessary to increase gas supply.

Furthermore, it suggested that operating coal-fired power plants at full capacity, removing double VAT and source taxes on LNG imports, and reducing other charges imposed by Petrobangla and BERC, which could lower gas prices as well.

BB relaxes loan exit policy for troubled businesses

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Bangladesh Bank (BB) yesterday relaxed the down payment requirements for exit facilities on defaulted loans of closed or loss-incurring companies.

The central bank issued a notice in this regard. From now on, such applications can be made with only 5 percent down payment on the existing loan balance, which was previously at 10 percent.

The notice said the management authority can now approve exit facilities for loans up to Tk 20 lakh whereas previously it was Tk 10 lakh.

Loans exceeding this amount will need approval from the board.

Bangladesh Bank on July 08 last year introduced an exit policy for businesses, industries, or projects that were established on loans but have shut down or are incurring losses due to uncontrollable factors.

The policy aimed to recover such loans within a maximum of three years through measures including interest waivers and other facilities.

Loans availing the exit facility will continue to be classified as defaulted until fully recovered.

Some modifications have been brought about in the policy, further relaxing the conditions. The revised policy states that loans availing the exit facility cannot be rescheduled or restructured.

No action taken

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Prof Selim Raihan, a member of the both White Paper and Task Force.

"Even the interim government didn't ask us (panel members) to explain what we had written or recommended," said Prof. Raihan, also the executive director of the South Asian Network on Economic Modeling (Sanem).

He made the comments at a seminar titled "Unveiling the Truth: The State of Bangladesh's Economy and Governance," held at the University of Dhaka's Economics Department. The event, organised by the Economics Study Center, was attended by nearly a hundred students.

On 28 August, a 12 member committee was formed, was given three months to prepare the report, submitted on December 01, which aims to provide a clearer picture of the economy.

"There was a significant opportunity for the government to engage with panel members, who are among the country's top economists," said Prof. Raihan.

He further noted that various institutions and ministries could have implemented the

recommendations relevant to their respective sectors, but no such steps have been taken.

He believes the interim government could adopt some of the recommendations, setting a precedent for the next political government to build upon and implement them further.

Besides, the taskforce report called "Re-strategising the Economy and Mobilising Resources for Equitable and Sustainable Development" was submitted January 30 to the Chief Adviser.

Prof. Raihan said the Awami League government took on many projects without conducting proper feasibility studies, causing great losses for the country.

"Many projects lack proper feasibility studies. Even when studies were conducted, they were often flawed and overestimated," he said.

He also gave examples of Chattogram's Karnaphuli Tunnel, the Rooppur Nuclear Power Plant project, and the Dhaka-Chattogram Highway.

Regarding Sri Lanka's financial recovery, Prof. Raihan said their central bank was free from political interference, which helped them recover quickly from

the economic crisis.

Denouncing Bangladesh Bank Governor Ahsan H. Mansur's recent comments on the International Monetary Fund—that Bangladesh does not need IMF funds if it can generate adequate revenue.

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As such, it demanded a proper investigation, requesting the formation of a probe committee.

ACC TESTS OUT RIS SOFTWARE

An enforcement team of the ACC visited the BSEC yesterday to investigate the RIS software system, according to a press release.

By taking statements from BSEC officials and physical inspection, it found that "although the project completion report was submitted to the ministry, the software has not been installed and transferred yet".

The ACC also brought allegations of anomalies involving Tk 28 crore.

The enforcement team will submit a report on its findings soon, it added.

Saifur Rahman's phone was found switched off and he did not reply text message.

Rice prices

FROM PAGE BI

When, following floods disrupted Aman paddy cultivation in the northeastern swathe of the country.

To curb further price hikes caused by reduced yields, the government encouraged imports to boost stocks and ease price pressures. Because rice prices historically remain at the core of Bangladesh's inflation metrics.

The overall inflation has remained above 9 percent since March 2023, straining low and middle-income households.

Md. Masudul Hasan, secretary of the Ministry of Food, told The Daily Star that "moderate" Aman procurement, smooth government rice imports, and government-to-government (G2G) import deals have strengthened food reserves.

This has ensured a stable supply through public food distribution initiatives like Open Market Sales (OMS) and Trading Corporation of Bangladesh (TCB) truck sales, he said.

"These market interventions benefit millions of poor families and help keep rice prices stable," he added.

WHAT THE IMPORTERS SAY?

Alamgir Hossain, a rice importer, said that although he has permission to import 35,000 tonnes, he has only managed to bring in 9,000 tonnes.

"Imported rice is not profitable in the local market, which is why I haven't imported the full amount," he said, adding that high dollar prices and limited availability of the US dollar for G2G opening are major obstacles.

For example, he said, when a letter of credit is opened, the exchange rate is Tk 122. By the time the settlement is made, it rises to Tk 122.50.

"With a profit margin of only Tk 0.25 to Tk 0.50 per kg, doing business under these conditions is very difficult," he said.

Md. Ziaur Rahman, procurement manager of ACI Foods Limited, said his company received approval to import 6,000 tonnes but has only imported 1,800 tonnes so far.

"We import rice at Tk 70 per kg, but unless we sell

Square Pharma

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42.91 percent of Square Pharmaceuticals' shares, while the public owned 27.67 percent. Foreign and institutional investors held 15.54 percent and 13.88 percent, respectively.

The pharmaceutical producer and exporter's net profit rose 26 percent year-on-year to Tk 660 crore in the October-December period of the fiscal year 2024-25.

In the first half of the 2024-25 financial year, the company recorded a profit of Tk 1,269 crore, up 13 percent year-on-year, according to its second-quarter financial statement.

However, in the 2023-24 financial year, Square Pharmaceuticals' profit after tax declined by 5.34 percent year-on-year to Tk 1,559 crore.

Tariff commission

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Some foreign sarees and "lehangas", which should be worth over Tk 1 lakh in the local market, are being sold well below those prices, suggesting oversupply and possible links to duty evasion or smuggling.

The commission has recommended that the National Board of Revenue issue special instructions to import clearance stations for garments, including two-piece outfits, three-piece dresses, "lehangas", and sarees.

The commission also called for all garment products to come under inspection during customs clearance. These inspections should involve relevant customs officers and third party agencies to prevent false declarations and guarantee compliance with regulations.

Furthermore, the commission urged the Ministry of Home Affairs, in collaboration with the Directorate of Customs Intelligence and Investigation, to take strict legal action against smuggling and duty evasion.

Special operations led by Border Guard Bangladesh, police and anti-smuggling district task forces are essential to protecting the domestic market from illegal foreign textiles.

Bangladesh imports apparel from countries like India, Pakistan, China, Myanmar, Hong Kong, Vietnam, Thailand, and Japan.



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RHD Quotation for Toll Collection

Sealed Quotation are hereby invited for the following work:

1	Leasing Quotation No.	: FRD-01/2023-24 (16 th call) (Corrigendum)
2	Description of Toll	: Leasing out for collection of Toll from Different Vehicular Traffic Crossing the Gorai Bridge at 66 th km of Daulatdia- Faridpur (Goalcham) - Magura- Jhenidha- Jessore- Khulna Mongla (Digraj) (N-7) Highway Road Under Road Division, Faridpur during the year 2024-25, 2025-26, 2026-27 (3 Financial years).
3	Lease Period	: 03 (Three) financial years
4	Price of Quotation Scheduled	: Tk. 5000/- (Five Thousand) only (Non-Refundable)
5	Earnest Money	: 10% of Total Quoted Rate (with VAT and IT) in form of B.D. or P.O from any scheduled bank of Bangladesh in favor of Executive Engineer, RHD, Road Division, Faridpur.
6	Last Date & Time for Selling Leasing Quotation Document	: 19/03/2025 upto 05:00 pm
7	Last Date & Time for Receiving Quotation	: 20/03/2025 up to 12:00 pm
8	Eligibility of Quotator	: Contractors in RHD or in any department/ any person or firm in Bangladesh (who possesses Nationality of Bangladesh, VAT Certificate and upto Date Trade License and Income Tax Certificate)
9	Name of Offices where Leasing Quotation will be Available	: Divisional Commissioner, Dhaka Division, Dhaka/ Deputy Commissioner, Faridpur/ Executive Engineer, RHD, Road Division, Faridpur/ Madaripur/ Sharariatpur/ Gopalgonj/ Rajbari/ Planning Division-1, SarakBhaban, Tejgaon, Dhaka/UpazilaNirbahi Officer, Modhukhali, Faridpur/ Sub-Divisional Engineer, RHD, Road Sub-Division 1/ 2/ 1 st Line Workshop, Faridpur
10	Name of the Offices where Leasing Quotation will be received	: a) Executive Engineer, RHD, Road Division, Faridpur. b) Gopalgonj Road Zone, Gopalgonj. c) Superintending Engineer, RHD, Road Circle, Faridpur. d) Deputy Commissioner, Faridpur. e) Superintendent of Police, Faridpur.
11	Date, Time & Place for Opening the Quotation	: Place: Office of the Executive Engineer, RHD Road Division, Faridpur Date: 20/03/2025 Time: 03:00 pm

The Undersigned reserves the right to accept or reject any/ all quotations without assigning any reason thereof.

09/03/2025

Khalid Saifullah Sardar
ID No:602287
Executive Engineer (c.c.), RHD
Road Division, Faridpur.

BB relaxes loan

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