Power division's budget allocation cut by 30%

Outlay doubles for energy and mineral resources division; govt aims to lower power production costs

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The allocation for the power division in the national budget for fiscal year 2025-26 is around 30 percent less than that of the previous fiscal year, while it has been nearly doubled for the energy and mineral resources division.

The government has decided to cut electricity production costs by approximately 10 percent in a bid to ease the burden of subsidies in the power sector, said Finance Adviser Dr Salehuddin Ahmed in his budget speech on Monday.

"If the plan can be implemented, it is estimated that electricity subsidy of more than Tk 11,000 crore will be saved. We are reviewing the power purchase agreements and have taken the initiative to conduct energy audits to reduce the cost," he said.

The FY26 budget allocated Tk 37,000 crore in subsidies for the power sector, whereas it was Tk 40,000 crore last fiscal year before rising to Tk 62,000 crore in the revised budget, as the interim government paid most of the arrears.

The finance adviser said initiatives have been taken to increase oil and gas exploration to ensure energy security through domestic efforts.

At the same time, steps are being taken to develop cost-effective and sustainable infrastructure to help control energy prices.

He added that the government has decided in principle not to increase power tariffs at the moment, considering the prevailing high inflationary pressure.

The power division got Tk 20,342 crore in the new budget, down from Tk 29,177 crore last fiscal year. However, in the revised budget, the allocation was reduced to Tk 21,651 crore, according to budget documents.

The interim government did not initiate any new power plants, but allocated most of the funds to strengthening the grid network and distribution lines across six divisions.

This focus on power transmission is also aimed at starting commercial operation of the first unit of the 1,200MW Rooppur Nuclear Power Plant in December this year.

Among the companies under the power sector, Power Grid Bangladesh PLC received the highest allocation of Tk 8,122 crore, followed by Bangladesh Rural Electrification Board (BREB), which received Tk 2,744 crore.

Under the BREB, a project to modernise distribution systems in Dhaka and Mymensingh divisions received Tk 1,460 crore. An unreconstructed gas pipeline for a gas-fired power plant from Dhanua to Mymensingh was allocated Tk 101 crore.

Ongoing projects including a 1,200MW Matarbari coal-based power plant, 800MW gas-fired Rupsha plant, and 150MW HSD-based Syedpur power plant have received allocations.

A 100MW solar power plant in Madarganj, Jamalpur received Tk 673 crore. Along with this, other solar plants with a combined capacity of 210MW have received allocations under the Rural Power Company Limited and B-R Powergen Ltd.

"One of our major focuses is to increase the share of renewable energy-based electricity generation," said the finance adviser in the budget speech.

Around 3,400MW of electricity will be added to the national grid from clean sources by 2028, including that from the Rooppur plant, he added.

The government is updating Renewable Energy Policy 2008 to make it more relevant to current times, and the revision is now in its final stage, he said.

Meanwhile, the Energy and Mineral Resources Division received an allocation of Tk 2,178 crore in the new budget, up from Tk 1,086 crore in the previous budget. It was revised to Tk 1,053 crore in FY25.

The government plans to drill at least 17 gas wells—both exploratory and for further development—through Petrobangla in the upcoming fiscal year.

In addition, Bangladesh Petroleum Exploration and Production Company Limited (Bapex) will conduct a 90-line kilometre geological survey and a 700km 2D and a 450km 3D seismic survey during the period.

Under Petrobangla, a total of seven exploration wells and 13 development wells were drilled over the past three years, according to the budget documents. The target for the ongoing fiscal year was 13 wells, of which only five were completed.

The government also plans to import 6.5 million tonnes of liquefied natural gas (LNG) to meet rising demand, up from 5 million tonnes in the current fiscal.

To reduce power generation costs, the government has exempted value added tax (VAT) on LNG imports and reduced the tax deduction at source during electricity purchase payments to 4 percent from 6 percent, said the finance adviser.

"To keep petroleum product prices stable, we are proposing to reduce the duty rates on the import of both crude and refined fuel, and to withdraw the tariff value on these products," he said.

The finance adviser also said initiatives have been taken to enhance the country's lone fuel refinery by establishing a second unit of Eastern Refinery Limited, which will have a capacity of 3 million metric tonnes.

KEY POINTS

- Power division got Tk **20,342**cr, which was Tk **29,177**cr in FY25
- Energy division got Tk **2,178**cr, which was Tk **1,086**cr in FY25
- Subsidy Tk **37,000**cr, which was Tk **40,000**cr in FY25
- Govt aims to save Tk **11,000**cr by reducing production cost
- Major focus in grid strengthening; Rooppur power evacuation
- Energy division targets to drill **17** gas wells

Baggage rules for gold

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Due to this decision, gold smuggling will now increase further, he claimed.

The reason is that gold is not produced in Bangladesh, he said. Those who could previously bring in a specific amount of gold as many times as they wanted will now no longer be able to do so.

As a result, the dependence on the informal market will only increase, he said.

Crackdown on gold smuggling

For a long time, authorities have noted that smuggling syndicates had been exploiting leniency in baggage rules to bring large quantities of gold into the country.

In 2018, the government introduced a gold policy to curb smuggling and increase transparency.

The following year, the Bangladesh Bank authorised 18 companies and one bank to import gold, with the licences valid until March this year.

Between 2020 and 2021, the central bank approved imports totalling 306.76 kilogrammes of gold bars across 12 companies.

However, only 160 kilogrammes were actually brought in during that time — nowhere near enough to meet annual demand, which the Gold Policy 2018 estimates at 20 to 40 tonnes.

A report submitted by the NBR to the Ministry of Finance lays bare the true scenario.

The report revealed that between 2021 and 2022, passengers brought in nearly 99,791 kilogrammes of gold under the baggage rules, generating Tk 1,714 crore in revenue.

However, a significant portion of this gold was smuggled out of the country, primarily through border routes into India, as reported by the NBR's Customs Intelligence and Investigation Directorate.

In 2023–24 alone, approximately 45,600 kilogrammes of gold were brought into the country.

According to industry insiders, about 80 percent of this demand is still met through smuggled gold, resulting in huge revenue losses for the state.

Passenger-friendly adjustments

Despite the tighter stance on gold imports, the government has introduced several passenger-friendly adjustments.

In contrast, the rules for mobile phones have been relaxed.

Passengers are now allowed to bring two used mobile phones and one new mobile phone per year without paying any duties.

Two phones could be brought in previously, but the distinction between new and used devices was not specified.

The baggage declaration deadline has been extended from seven to 30 days, giving passengers more time to correct any unintentional omissions.

Home appliances

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these necessities, especially during a time of economic strain," added the top executive.

Salim Ullah Salim, director of marketing at Jamuna Electronics, expressed concern about the decision to withdraw VAT exemption at the manufacturing stage.

"While this may appear to be a long-term industrial strategy, the immediate effect on the ground is quite worrying," he said. "Withdrawal of VAT exemption at the production stage could lead to price hikes for all consumer durables."

"Production costs are already soaring due to gas and fuel supply issues, dollar-based raw material imports, and rising duties. The added tax pressure will worsen this," Salim commented.

"With inflation high and incomes falling, even essential electronics are starting to feel like luxuries," he added. "In a fragile market with shrinking sales and rising costs, any additional tax ultimately burdens the end consumer. The timing of this move could intensify that pressure."

Nurul Afser, deputy managing director of Electro Mart Limited, said the decision to withdraw VAT exemptions would inevitably push up prices, placing more pressure on low- and middle-income families.

"This step will not only hurt consumers but also slow down the progress of the domestic electronics industry," he commented.

Afser believes that rising prices could dent demand significantly. "With higher costs, many families may no longer be able to afford essential home appliances. The industry may face serious setbacks as a result."

He urged policymakers to reconsider the move to support the sector's growth momentum.

Banks see

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new banknotes that have been redesigned, but due to supplies being limited, many customers were unable to obtain them.

"Many people come to collect the newly designed notes, but the supply is so limited that we are not able to provide them," said a senior official at the corporate branch of Rupali Bank.

"People are preparing to go to their hometowns for Eid and to buy sacrificial animals, so they are withdrawing money and collecting new notes," he said.

Bangladesh Bank released redesigned Tk 20, Tk 50, and Tk 1,000 notes into circulation from June 1.

As in previous years, the demand for fresh currency typically surges ahead of Eid, when people present crisp notes as gifts.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, said overall there was no shortage of liquidity or cash in the banking sector, although some banks are experiencing cash crises due to poor financial health and other factors.

On being contacted, Arief Hossain Khan, executive director and spokesperson of the central bank, said the regulator was promoting digital transactions and discouraging the use of cash in cattle markets.

Regarding the new notes, he said, "This time, only the Tk 20, Tk 50, and Tk 1,000 notes were introduced in the market before Eid."

He added that printing of the redesigned Tk 5, Tk 10, Tk 100, Tk 200, and Tk 500 notes is expected to begin after Eid.

Tax hike

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of shares offloaded through initial public offerings (IPO), it said.

"Furthermore, the benefits of reduced-rate tax for companies engaging in cashless transactions have been withdrawn. This, FICCI believes, goes against the goal of deepening capital markets and attracting quality listings," said Akhtar.

The chamber also highlighted the steep increase in value-added tax (VAT) on online sales—from 5 percent to 15 percent—saying it would likely hinder the growth of Bangladesh's emerging digital commerce sector.

Similarly, the rise in customs duty on beverage concentrates—from 10 percent to 15 percent—could negatively impact consumer prices and industry margins, it added.

These will lead to lower GDP and consequently lower private investment, be it foreign or local, said Akhtar. The FICCI reiterated its longstanding recommendation for a simplified and harmonised VAT system with a single rate and a standard input credit mechanism.

"The chamber appreciated the government's continued push towards digital transformation through automation in tax administration and the implementation of the National Single Window," it said.

The FICCI welcomed initiatives to modernise the tax administration and to separate tax policy from tax collection through the establishment of separate entities.

Akhtar said the authority to offer tax exemptions was shifted to parliament from the National Board of Revenue (NBR), and a bar was placed on allowing tax exemptions retrospectively.

These are great examples of good reforms taken in the right spirit and are commendable steps taken in the budget, he said.

However, reforms required for expanding the tax net were not seen. It emphasised the need for realistic revenue targets and effective execution plans to avoid creating undue burdens on compliant taxpayers.

Naser Ezaz Bijoy, a former president of the FICCI, said the government was raising the tax rate to increase its tax collection, but it was creating pressure on existing and compliant taxpayers.

Tax measures

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There were some positive procedural changes in VAT, which are appreciated, he added.

"However, the fundamental reforms we were hoping for were not reflected in the budget," the audit and tax expert added.

Significant reforms have been introduced in customs duties to rationalise tariffs, and there were good steps for promoting local industry and exports, he said.

"But if we can't reduce lead times for customers, and if we can't release goods from the ports efficiently, we will lose competitiveness to other countries. There must be initiatives to address this," he said.

Maria Howlader, president of the ICAB, welcomed the reduction in budget size, saying that the Tk 7,000 crore cut in the 2025–26 budget compared to that of the previous year reflects a prudent contractionary approach to tackle ongoing economic challenges.

In the face of high inflation and limited revenue space, setting a lower budget deficit is a wise move, she said.

She said several positive amendments have been made to the income tax act in the proposed budget.

"A prospective two-year tax rate has been introduced, and the tax rate for 'cashless companies', excluding some publicly traded ones, has been increased to 27.5 percent, though we believe it should remain within 25 percent," said Howlader.

According to her, raising the turnover tax from 0.6 percent to 1 percent and increasing individual tax rates are concerning.

"In VAT and customs, we welcome reforms such as reduced advance tax on raw material imports and longer credit claim periods," she said.

"But higher advance VAT on commercial goods and a 15 percent VAT on online sales commissions may need reconsideration. Regulatory duties on essential and healthcare goods also warrant review," added Howlader.

Md Humayun Kabir, vice-president of the South Asian Federation of Accountants, moderated the question-answer session at the press conference.

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e-Tender Notice

e-Tender Notice is invited in the National e-GP System portal (https://www.eprocure.gov.bd) for the procurement of following.

Sl No	Tender ID	Package No. & Description	Last Selling Date & Time	Closing and Opening Date & Time
1.	1124539	egp/repair/2025/xray-1 Upgradation of existing 500 mA X-Ray system into Digital Image System of 04 public hospitals (250 Bed General Hospital, Munsiganj; 250 Bed General Hospital, Kishoreganj; Shaheed Shamsuddin Ahamed Hospital, Sylhet and Shaheed Ahsanullah Master General Hospital, Tongi, Gazipur) in Bangladesh.	23-Jun-2025 12:00	23-Jun-2025 15:00
2.	1124545	egp/repair/2025/xray-2 Repairing of 02 Nos C-Arm X-Ray (Model: TCA 6S, Brand: TECHNIX, SN: 54-16-033-858/54-16-034-859, Origin: Italy) with 02 years Comprehensive warranty of the whole machine in Mugda Medical College Hospital, Mugda, Dhaka.	23-Jun-2025 12:00	23-Jun-2025 15:00
3.	1124559	egp/repair/2025/xray-3 Repairing of 07 Nos 500mA X-Ray (Model: PLD 3600, Brand: Perlove Medical, Origin: China) with 02 years comprehensive warranty of the whole machine in Upzilla Health Complex, Ranisoinkul, Thakurgaon; Chest Disease Clinic (Pirojpur, Satkhira, Magura, Bagerhat, Natore and Tajhat) and 03Nos Printer (Model: HQ-460DY, Brand: hu.q, Origin: China) with 02 Years comprehensive warranty of the whole machine in Chest Disease Clinic (Pirojpur, Natore, Satkhira).	23-Jun-2025 12:00	23-Jun-2025 15:00
4.	1124577	egp/repair/2025/EL-1 Repairing of Power Backup System by repairing UPS System of ESWL Machine including 02 Year Comprehensive warranty of the whole machine in Sylhet M.A.G. Osmani Medical College Hospital, Sylhet and Repairing of Power Backup System of LINAC Machine (TPS+Simulator) including 02 Year Comprehensive warranty of the battery in Shaheed Ziaur Rahman Medical College Hospital, Bogura.	23-Jun-2025 12:00	23-Jun-2025 15:00

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Further information and guidelines are available in the National e-GP system portal and also from e-GP help desk (helpdesk@eprocure.gov.bd).

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GD-1376

Department of Public Health Engineering
Office of the Executive Engineer
Manikganj District, Manikganj.

Memo No- 596 (84) Date:- 02.06.2025

Invitation for e-Tender notice

e-Tender is invited in the National e-GP System Portal (htpp:// www.eproqure.gov.bd) for the procurement of

SL no	e-Tender ID	Work Name	Opening & Closing Date
1	1112872	Supply & installation of Iron Removal unit with FRP single vessel (Iron media) in different upazila at manikganj district under Project for Safe Water Supply Throughout the Country (PSWSC).	23-Jun-2025 15:30 & 23-Jun-2025 15:30
2	1112869	Supply & installation of Iron Removal unit with FRP single vessel (Iron media) in different upazila at manikganj district under Project for Safe Water Supply Throughout the Country (PSWSC).	23-Jun-2025 15:30 & 23-Jun-2025 15:30
3	1112868	Supply & installation of Arsenic Removal unit with FRP single vessel (Arsenic media) in different upazila at manikganj district under Project for Safe Water Supply Throughout the Country (PSWSC).	23-Jun-2025 15:30 & 23-Jun-2025 15:30
4	1112866	Supply & installation of Arsenic Removal unit with FRP single vessel (Arsenic media) in different upazila at manikganj district under Project for Safe Water Supply Throughout the Country (PSWSC).	23-Jun-2025 15:00 & 23-Jun-2025 15:00
5	1112873	Supply & installation of Arsenic & Iron Removal unit with FRP double vessel (Arsenic & Iron media) in different upazila at manikganj district under Project for Safe Water Supply Throughout the Country (PSWSC).	23-Jun-2025 15:30 & 23-Jun-2025 15:30
6	1112874	Supply & installation of Arsenic & Iron Removal unit with FRP double vessel (Arsenic & Iron media) in different upazila at manikganj district under Project for Safe Water Supply Throughout the Country (PSWSC).	23-Jun-2025 15:30 & 23-Jun-2025 15:30

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02.06.25
(Gazi Fatima Ferdous)
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